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HANDBOOK
OF THE
**Law of Mexican Commercial
Corporations**

INCLUDING
Foreign Corporations in Mexico
(IN ENGLISH)

CONTAINING
Explanations of the System of Laws
OF THE
REPUBLIC OF MEXICO

AND
THE LAW OF THE CONTRACT, MANAGEMENT AND OPERA
TIONS OF GENERAL CORPORATIONS ORGANIZED IN
MEXICO; AS WELL AS OF FOREIGN CORPORATIONS
OPERATING THEREIN; TOGETHER WITH

COMPLETE FORMS
For Use by Lawyers and Corporate Officials

BY
E. DEAN FULLER, LL.B.,
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(An American Lawyer.)

MEXICAN LAW-BOOK PUBLISHING CO.
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1911

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P R E F A C E.

The laws of the Republic of Mexico on the subject of Corporations (or, as they are styled, *Sociedades Anonimas*,—anonymous societies), are statutory, like all other laws of the country; there being no “case law,” as known in common-law countries. Most of this law is found in the Federal Commercial Code, which is applied to all “commercial” matters throughout the Republic: where this Code fails to make provisions, those of the Civil Code are applicable.

In this work the author has divided the law of corporations into proper headings, and under each of these has gathered together the law thereon,—making no attempt, however, to give literal translations, but instead of this, such statements as will the better conduce to an understanding of the different points; and also amplifying such statements of the law by needed comments and suggestions.

Directions are given for applying the law to the organizing, and to the management of corporations; and in the back of the work will be found forms which may be used as guides for such purposes. As it is required that these forms be used in the Spanish language, they are given in that language for actual use, should this be desired, and in English in order that they may be the better understood by the English reader.

Ample cross-references will be found throughout the work: also references to the Articles of the Codes. Where the latter are referred to merely by article-number, it is to be understood that such references are made to the Commercial Code.

The entire matter contained in the work is arranged in the sequence in which it is most likely to arise in the actual organization, and in the operations of corporations.

The work makes no other pretense than that of being a clear, concise, systematically-arranged statement of the subject treated of, being intended for the practical use of English-speaking persons who may be or become interested therein.

E. DEAN FULLER.

Quirk Building,
Mexico City, Mexico.
October 1st, 1911.

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6. Commerce Defined.
7. Kinds of Commercial Companies.
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§1. Divisions of Mexican Law.—The several Mexican States possess, among other powers, the exclusive right of legislation in civil law as distinguished from commercial law.

The Mexican Federal Government possesses, among other powers, the exclusive right of legislation on all questions of commercial law. (Art. 72, Mexican Constitution.) The Federal Government, in the exercise of this right, having adopted a code of such laws, it is supreme throughout the Republic in all commercial affairs, to the exclusion of local state laws.

Where the Commercial Code fails to make provisions covering commercial transactions, those of the civil law are applicable. (Art. 2, Commercial Code.) Such law to be so applied is contained in the Federal Civil Code, which is

applicable to all civil matters in the territories and in the Federal district, as well as to all commercial matters throughout the Republic, where the Commercial Code does not make special provisions.

§2. Civil Law Defined.—Civil law is that system of laws which is to be applied to the civil status of persons, inclusive of their civil contracts. It covers every act and operation of the individual in such status, from birth to death, inclusive of succession and estates, civil contracts of purchase and sale, as well as civil contracts in general, but exclusive of all transactions falling within the scope of the Commercial Code. (§6.)

§3. Commercial Law Defined.—Broadly speaking, this system of laws govern all transactions and operations had and conducted for the purpose of pecuniary profit. It may be applicable to a transaction either (a) because it is considered as commercial (§6), or (b) because the one engaging therein is classed as a “merchant” under the law. The operation may be governed by civil law as to one of the parties when he enforces his rights, while the other party may be governed by commercial laws in enforcing his rights, in other words, the transaction may be “commercial” as to one of the parties, and “civil” as to the other, to be determined by the purposes of the operation, where one sells for profit and the other buys for consumption. But a merchant is subject in some of his transactions, to commercial law and in others to civil law. He may purchase merchandise for his own consumption, when, so far as concerns him, the transaction is governed by the civil law; while his purchase of merchandise for purpose of re-sale will subject the operation to commercial law.

Persons who casually, with or without a fixed establishment, perform some commercial transaction, although they may not be merchants in law, thereby, nevertheless, become subject therein to the mercantile law. (Art. 4.)

§4. Artificial Distinction.—From what has been said, it will be seen that as to contracts, these distinctions are purely artificial, having arisen from an effort to simplify and expedite the handling of commercial transactions, all of which were formerly governed, in civil law countries, by the complicated system of contracts and slow legal processes and proceedings which still prevail in “civil” matters.

§5. Application of Commercial Laws to Individuals and Companies.—The Commercial Code defines “commercial transactions” (Art. 75) and “merchants” (Art. 3). As to the individual, he must engage in commerce or perform some commercial act in order to become subject to the Commercial Code; but as to a native company, constituted in conformity with such Code, and foreign companies which engage in commerce (§341) in Mexico, **all of their** acts, as well as their status, are governed by this Code.

§6. Commerce Defined.—While for the purposes of this work it appears unnecessary to define “commerce,” (as all companies **formed** under the provisions of the Commercial Code are subject thereto, and therefore this **form** and not the **nature** of its undertakings creates such subjection thereto), nevertheless, as native companies will not be formed under this law unless they expect to engage in commerce, for the purpose of a perfect understanding of the fundamental principles underlying the distinction between civil and commercial transactions, we will give the subjects which the Commercial Code defines as “commercial transactions.” (Art. 75.)

I. All the acquisitions, transfers and hirings made with the object of commercial speculation, of necessities, articles, movables or merchandise, whether in their natural state, or after having been manufactured or worked.

II. The purchase and sales of immovable (real) properties when they are made with said object of commercial speculation.

III. The purchases and sales of interests, shares and obligations of mercantile companies.

IV. Contracts relating to the obligations of the State, or other securities common in trade.

V. Undertakings for selling provisions and supplies.

VI. Undertakings for constructions and works, public and private.

VII. Undertakings for building and manufacturing.

VIII. Undertakings for the carriage of persons or goods by land or water.

IX. Bookseller's and editorial and printing undertakings.

X. Undertakings for commissions, agency houses for commercial negotiations and establishments for sale by public auction.

XI. Undertakings for public spectacles.

XII. The operations of mercantile commissions.

XIII. The operations of agency in mercantile business.

XIV. The operations of banks.

XV. All contracts relative to maritime commerce and interior and exterior navigation.

XVI. Contracts of insurance of all kinds.

XVII. Deposits on account of commerce.

XVIII. Deposits in general stores and all operations made on certificates of deposit and pledge certificates issued for the same;

XIX. Cheques, letters of exchange, or remittances of money from one place to another, between every class of persons.

XX. Orders, or other securities payable to order, and the obligations of merchants, except when they are proved to arise through causes outside commerce.

XXI. Obligations between merchants and banks, unless they are in their nature essentially civil.

XXII. Contracts and obligations of the employees of merchants, in regard to all that concerns the trade of the business man who has them in his service.

XXIII. The sale which the proprietor or cultivator makes of the products of his farm or of his cultivation.

XXIV. All other acts analogous in their nature to those expressed in this Code.

Also mining operations.

In case of doubt, the commercial nature of an act shall be determined by judicial decision.

If, therefore, the corporation is to engage for purposes of profit in any of the operations above defined as commercial, it must be formed under the law of the Commercial Code as herein set forth; in the contrary case, it will be formed under the Civil Code. This work treats only of commercial corporations.

§7. Kinds of Commercial Companies.—The commercial law recognizes five forms or classes of commercial societies.

- I. A partnership with a collective name.
- II. A limited partnership.
- III. An anonymous company or corporation.
- IV. A company with special partners by shares.
- V. A co-operative society.

§8. Corporation Law Sole Object of This Work.—No effort will be made in this work to set forth any other form of company than the commercial “anonymous” society or corporation. At the same time it will be of interest,—to Americans in particular,—to know that the contract for the creation of a Mexican corporation does not depend upon any other formality than that required of any of the other forms of commercial company organization.

CHAPTER II.

GENERAL EXPLANATION OF MEXICAN LAWS AS APPLIED TO CORPORATIONS.

- § 9. Definition of Commercial Corporation.
- 10. Corporations do Not Require Sanction of Government.
- 11. Nullity of Contract for Failure to Conform to Law.
- 12. Not so as to Third Persons.
- 13. Special Laws for Organization of Special Corporations.
- 14. Banks of Issue, Insurance, Railroad Companies, etc.
- 15. The Contract or Articles, and its Form.
- 16. Amendments to the Contract or Articles.
- 17. What Contract Must Contain.
- 18. Voidable for Omissions.
- 19. Basis of Agreement of Association.
- 20. How Contract Entered Into.
- 21. Form of All Subscribers Executing.
- 22. By Public Document.
- 23. Public Document Defined.
- 24. The Functions of Notaries Public.
- 25. Where Articles to be Executed.
- 26. The Status of Corporations.
- 27. The Status of Shareholders.
- 28. Tax on Native Corporation Organization.
- 29. Tax on Foreign Corporations and Companies.
- 30. Where and How Tax Paid.
- 31. When Tax to be Paid and Failure to Effect.
- 32. Notarial Fees in Case of Failure To Complete Organization.
- 33. Basis of Tax on Organization.

§9. Commercial Corporations Defined.—A commercial corporation is an association of individuals, united according to the prescriptions of law, for the purpose of conducting certain operations classed by law as commercial, and permitted to do business under a particular name with certain restrictions and enjoying certain privileges not imposed upon or possessed by individuals or other classes of companies.

§10. Do Not Require Sanction of Government.—An ordinary Mexican corporation may be formed without securing

special permission from the Government therefor. That is to say, that while the American corporation must secure the authorization of some administrative department of government for its creation before its organization is legally completed, yet in Mexico no such authorization is required, and the mere execution of the contract gives it, per se, such existence.

§11. Nullity of Contract for Failure to Conform to Law.—

The only requirements are (1) that the contract of organization shall cover the subjects required by the law for its organization (Art. 95), and that (2) such contract must be executed in the manner designated. In the event of the failure to conform to the latter requisite, the contract is void and produces no legal effect (Art. 93), but where the requisite first named is wanting, such omission merely causes the contract to become voidable at the instance of any of the members. (Art. 96.) (§18.)

§12. Not So as to Third Parties.—As to third parties, the failure of either of the above requisites cannot be alleged in defense of a contract with the company.

§13. Special Laws for Organization of Special Corporations.—While it is true, as stated, that no requirement for the administrative sanction of the contract of association is necessary in order to create a corporation, yet, this statement is subject to certain explanation as to corporations formed for certain quasi-public undertakings.

§14. Banks of Issue, Insurance, Railroad Companies, Etc.—Railroad, and insurance companies of all classes, as well as banks of issue, are subject to special laws, in respect both to their organization and operation. In their operations, it is required of them that they shall cause their internal affairs to be conducted, in some respects, in a different manner than ordinary corporations. In their organization,

the manner of conducting their business, must be provided for in accordance with these special laws. Other exactions are made of them which are not required of ordinary corporations, for example, that they must have a larger part of their capitalization paid in before they may begin operations than is required of corporations formed for other purposes. Except where the general corporation law is modified by express legislation, these special corporations are governed by the general corporation laws.

But the special laws do not prevent the organization, in the ordinary way, of companies to engage in special undertakings;—these special laws merely create conditions which must be conformed to by the corporation in order that it may secure the **necessary permission to engage in**, the undertakings which are subject to these restrictions. With all other companies no permission is required from the Government to enable it to carry out its object or objects. A company formed for special purposes **may exist** without complying with the law as to the manner of its organization, but **cannot operate** within such object until the legal requirements have been complied with. Where already created for such or a different purpose, the special law not having been complied with, it is possible for the organization to correct its articles by amendments to such an extent as will cause it to meet the special requirements.

“Banks of issue” are distinguished from “banking companies”,—the latter being subject only to ordinary corporation laws; but they cannot issue certificates of any kind for purpose of serving as a means of circulation. They may, however, receive deposits, make loans, etc.

This work does not enter into the field of special corporations, but is confined to ordinary commercial corporations.

§15. The Contract and Its Form.—Every contract for the formation of a corporation (or other form of commercial company) must be contained in a public (notarial) document (§23.) (Art. 93.) When it is made under any other

form between the associates, it will produce no legal effect, although this fact cannot be alleged in defense of a company contract with a third part. (§12.) (Art. 97.)

§16. Amendments to Contract or Articles.—Any amendment of or addition to the contract of association shall be effected with the same formality. (Art. 94.) (§246.)

§17. What Contract Must Contain.—In order to be valid the contract of association for the formation of a corporation must contain the following:

I. The names, surnames, and domiciles of the persons executing same. (§34.)

II. The name of the partnership or company, as well as its denomination in the proper case, stating the domicile of the company. (§46.)

III. The object and duration of the company and the manner of computing such duration. (§57.)

IV. The capital of the company, stating the nature, number and value of the shares in which it may be divided; value and amount subscribed, if referring to stock companies or societies with special partners by shares; or a statement of what each partner brings to the company, whether in industry, cash, credit or goods, showing the value given to the one and to the other, in all kinds of companies. (§67.)

V. The names of the members or partners who are to have the management or direction of the company and use of the firm name, if referring to partnerships with a collective name or partnerships with special partners, or the manner in which the society is to be managed or directed, specifying the powers to be exercised by the managers or directors, if referring to any other class of company. (§119.)

VI. The amount of the reserve fund in companies divided into shares, co-operative societies being exempt from this obligation. (§197.)

VII. The manner and form of making the distribution of the losses and gains which correspond to the members of the company. (§204.)

VIII. The part that the founders or organizers in corporations, or of companies with special partners by shares, may receive from the profits, and the manner in which they are to receive the same. (§214.)

IX. The cases in which the company may be dissolved before the time fixed. (§220.)

X. The basis upon which the liquidation of the company may be effected and the manner in which the election of the liquidators may be proceeded with, whenever they have not been appointed beforehand. (§225.)

§18. Voidable for Omissions.—Unless these requirements as to contents of the contract have been complied with, and in the event of omission of **any** of them, the association may be dissolved,—that is, the contract is voidable at the instance of any stockholder or member. (Art. 96.)

§19. Basis of Agreements of Association.—While the general laws as to the subject-form of the contract for the organization of commercial companies, indicate that the organization may adopt such agreements between themselves as they may desire, this is subject to certain exceptions or limitations, which will be shown in the course of the special treatment of the different elements of the contract as hereafter given.

§20. How Contract Entered Into.—The law concedes the right of forming a corporation in either of two ways:

1. By public subscription. (§331.)

2. By the appearance of two or more persons who may subscribe the instrument of incorporation. (Art. 166.) (§34.)

This is not a real, but an apparent difference as to the manner of proceeding for effecting the formation of the company. As a matter of fact, under the first plan, the contract is not executed before a Notary Public by the organizers, but a distinct form of execution is provided for; while under the second plan, the organizers or incorporators execute the articles before a Notary.

It is true, however, that where the company is organized by public subscription, the by-laws must be adopted by the subscribers before the contract of incorporation is executed (§331) (Art. 167), and must be afterwards legalized or protocolized (§340) (Art. 174); while under the other form, the by-laws may be adopted following the execution of the articles, and they need not be protocolized. (Art. 175.) (§358.)

The formation of corporations by subscription is not the form ordinarily in use, and the steps to be taken to effect same are therefore made a special topic for treatment in this work. (§331.) Aside from the preliminary work in securing stock subscriptions and adopting the contract of association and by-laws, the law which immediately follows, governs alike both forms of organization.

§21. Form of, All Subscribers Appearing.—When formed by two or more persons who execute the contract on their own behalf, fulfilling therein all of the requisites as to what it shall contain as already indicated (§17), same is drafted or copied by a Notary Public or other functionary performing his office, as hereafter described (§24), and is then signed by the contracting parties; following which a meeting is held for the adoption of by-laws for the internal management of its affairs, as well as for the handling of any further business that may be necessary, such as the election of the first board of directors (§121) if they be not designated in the Articles (§131); and for the selection of officers. (§169.)

§22. The Public Document.—Under either form of perfecting the company (§20), the organization is not completed until it has been reduced to a “public contract.”

§23. Public Document Defined.—A “public document” is a “notarial document,”—that is, a contract which is entered into with certain solemnities as to form and procedure in execution, owing to the importance which the law attaches thereto. In this respect it corresponds to the contract “under seal” of the United States and England, and like it may be executed before a Notary Public, judge or other functionary empowered therefor.

The subject of notaries public is controlled in each State by local laws; and in the Federal district (in which Mexico City is situated) as well as in the several Territories, by a Federal law. Notarial acts are given due credit in all parts of the Republic, after having been properly certified to by an authority of the State, Territory or district from which they originate. (§348.)

To go into the subject of Mexican notaries public would be outside the scope of this work, except in so far as concerns their functions (or those of such other official as perform these functions) in the execution of the “public document” or articles of incorporation treated of herein. We will therefore limit ourselves to this subject, together with such further information only as is required for a proper understanding thereof.

§24. The Functions of Notaries Public.—The functions of the Mexican notary public differ greatly, in some respects, from those of such functionary in common-law countries. He exercises a profession similar, in some respects, to the “conveyancer,” and in others to the “recorder of deeds” of such countries.

The great distinction is, however, that he retains and preserves all “public documents” executed before him, and issues certified copies thereof, which, in the hands of the

interested parties, answer all the purposes of the original documents.

He also collects the tax which accrues to the Government by reason of the documents executed before him, and delivers same to it.

It is his duty to see that all contracts executed before him conform to the law; and is liable criminally or civilly or both, in the event he does not properly perform his functions.

He will draft contracts for execution before himself; or will use those submitted to him, if they meet the requirements of the law.

All "public documents" are entered by him in his "books of protocol,"—books of original documents,—where they are executed by the parties thereto.

His records are privileged to himself, the parties in interest, or to those who later acquire interest in the subject matter, and to the proper government officials. His compensation is fixed by law for each act he is called upon to perform.

§25. Where Articles to Be Executed.—The articles of incorporation may be executed before any notary public or other person performing his functions,—and this whether the company is to engage in business within the jurisdiction of such notary, or outside of it. For it will be remembered that the laws governing corporations are national, and, therefore, supreme and uniform throughout the Republic of Mexico, and cannot be interfered with by local authorities (§1); and it compels the recognition of the notarial acts of all notaries throughout the Republic, upon proof of their authenticity.

§26. The Status of Corporations.—Every commercial company, including corporations, constitutes a judicial person distinct from that of the individuals who compose it. (Art. 90.)

§27. Status of Shareholders.—In corporations the shareholders are only responsible to the extent of their shares (Art. 163), except where they shall cause their names to appear in the denomination of the company, when they become personally and jointly liable for its obligations. (Art. 164.) (§48.)

§28. Tax on Native Corporation Organization.—But one tax is collected on corporations or other forms of commercial companies,—a Federal tax based upon the authorized capitalization thereof (§33), as shown by the articles or contract of organization. Once paid, this tax is not to be paid again; nor is there any yearly “franchise tax” to be paid; although, as in the case of all merchants, whether company or individual, a “business tax” is collected while engaging in commercial operations. (§324.) This tax, however, has nothing to do with the life of the company, which can only be taken away through the action of its members, except, as already shown, in cases where the contract has not been entered into in conformity with the law, when, upon the suit of a stockholder, the contract may be declared void. (§18.)

§29. Tax on Foreign Corporations and Companies.—The form of taxation upon contracts is one of the principal means of revenue of the Mexican Government. The tax upon native Mexican corporations is identical with that assessed upon foreign corporations and companies which become registered in Mexico. (§347.)

§30. Where and How Tax Paid.—The official (§23) before whom the contract of association is executed, is the proper medium through whom to effect payment of the corporation contract tax. In fact, such payment is incident to the completion of the contract, as the receipt from the Government therefor must be incorporated into the contract by the notary or other official, and must appear in his certified copy

thereof; and until such requirements have been fulfilled, the company does not come into legal being.

§31. When Tax to Be Paid and Effects of Failure.—This tax must be paid within a period of thirty days, to be counted from the date which the contract bears, or that in which the notary receives the documents for legalization of a foreign company; and unless so paid, the contract is vacated and cannot be revived or used again. The same formalities in constituting the native company, or legalizing a foreign company must then be gone through with, as in the first instance.

§32. Notarial Fees in Case of Failure to Complete Organization.—The failure to make such payment within the time fixed by law, will not release the parties from liability for the fees and costs of the notary.

§33. Basis of Tax on Organization.—In Mexico this tax accrues to the Federal Government and entitles the corporation to engage in business in any of the States, Territories or Federal District of Mexico, without the payment of any additional tax for such privilege, other than the regular business tax. To both Domestic Mexican, and foreign corporations this tax is alike. The basis thereof is as follows:

On each \$1,000 Mexican pesos up to	
\$500,000 Mexican Pesos.....	\$1.00 peso
On each additional \$1,000 Mexican pesos or fraction thereof up to \$1,-	
000,000 Mexican pesos.....	.50
On each additional \$1,000 Mexican pesos or fraction thereof, in excess	
of said \$1,000,000 Mexican pesos.....	.10

In estimating this tax when legalizing American corporations, the American dollar is considered equal to a fraction more than two Mexican pesos, the type of exchange being .498.

CHAPTER III.

THE PARTIES TO THE CONTRACT.

§34. The First Requirement of the Contract.

35. Number of Incorporators Required.

36. Who May Enter Into Contract.

37. Who May Not Enter Into Contract.

28. Foreigners, and Foreign and Native Corporations May be Parties.

39. Proof of Removal of Disabilities.

40. Married Woman Disability.

41. Appearance Through Attorney in Fact.

42. Appearance for Company-Subscriber.

43. Use of Abbreviations.

44. Names and Surnames of Parties.

45. Domiciles of Parties.

§34. The First Requirement for the Contract Is (Art. 95)

—I. “The names, surnames and domiciles of the parties executing same,”—which presupposes capacity to contract, that is, that the parties are not laboring under any disability such as the law places upon certain persons.

§35. Number of Incorporators.—Two or more persons, capable of contracting must execute the articles. (Art. 166.) Their capacity must appear in this document, and the notary must certify thereto.

§36. Who May Enter Into Contract.—Every person who according to the ordinary law is capable of contracting and binding himself, and who is not expressly prohibited by said laws from following a commercial occupation, has legal capacity to enter into same (Art. 5), and therefore to execute contracts for the formation of commercial societies.

This statement showing an exclusion of certain persons from such right, and that those not so excluded may effect such operations, makes it necessary to show those excepted therefrom.

§37. Who May Not Enter Into Contract.—This provision runs against:

I. Minors under 18 years of age.

II. Minors over 18 and under 21 years, except those who have been emancipated, declared of age, or who have procured authority in conformity with law, or from their parents or guardians. (Art. 6.)

III. A married woman under 18, even though she holds the consent of her husband therefor. (Art. 8.)

IV. Brokers.

V. Bankrupts who have not been discharged from their debts.

VI. Those who by final sentence have been condemned for offenses against property, including embezzlement, forging, bribery and conspiracy. (Art. 16.)

If a contract be executed by persons laboring under such disabilities or any of them, it gives rise to no obligation nor cause of action; and the contract is therefore void. (Art. 77.)

§38. Foreigners, and Foreign and Native Companies May Be Parties.—Even a foreigner (Art. 13), and a native company (Art. 91), possessing power to do so, may be parties to the contract of association.

§39. Proof of Removal of Disabilities.—Where a person is under natural disabilities which may be overcome, the proof of the removal thereof must appear in the contract; such as, the consent of the husband, parent or guardian, or the judgment of court.

§40. Married Women—Disability.—While a married woman is, as already shown, under disability for entering into contracts, yet if she be over 18, and is legally separated from her husband, or if he has been legally interdicted or deprived of his civil rights, such disability will be removed. If over 18, she may contract with his consent.

§41. Appearance by Attorney in Fact.—The parties need not appear and execute the contract in person, but may do so through an attorney in fact. In such case the power of

attorney must have been executed before a notary public as a public document, if in Mexico (§22); or in conformity to foreign laws, if there executed, and be then legalized in Mexico. (§345.)

Reference is made to such instrument or power of attorney, in the articles of incorporation, full particulars thereof being set forth; the same facts of capacity being shown to be possessed by the attorney as by his principal in order to prove the capacity of the latter to hold such an authorization.

§42. Appearance for Company—Subscriber.—What has been said as to attorneys in fact, holding power of attorney, is true in this case except in one respect, when a company becomes subscriber to the articles.

Where such company is native Mexican, the authority may also be proved by resolution of authorization therefor as shown by the minute book of the company. (§298.)

Where such company is foreign, the resolution of authorization must be legalized in Mexico. (§345.)

In either of the above cases, such resolutions will be incorporated into the contract in order to set out clearly such authorization.

§43. Use of Abbreviations.—With respect to the names of the parties, as in all matters set forth in the contract, no abbreviations are to be used, and when numbers are made use of, these must appear in words, written out with letters. They may also appear in numerals as well as in letters, if desired.

§44. Names and Surnames of Parties.—While abbreviations are not permitted for names, yet where one given name is made to appear, this will suffice, and any other given name may appear by initial.

§45. Domiciles of Parties.—The domicile of each of the parties to the contract must appear therein, though it will suffice if this be stated as an hotel or other temporary abode.

CHAPTER IV.

THE NAME AND DOMICILE OF THE COMPANY.

- §46. The Second Requirement for the Contract.
- 47. The Name and Denomination of the Company.
- 48. Restrictions on Name Adopted.
- 49. Liability of Member for Use of His Name in Denomination.
- 50. Name of Company Must Be Different from Others.
- 51. Name Need Not Be In Spanish.
- 52. Name Must Show Corporate Character.
- 53. Use of Abbreviations To Denote Corporate Character.
- 54. Domicile of the Company.
- 55. Agencies and Branches.
- 56. Maintaining Representative at Domicile.

§46. The Second Requirement for the Contract.—The second requirement is (Art. 95):

“II. The name of the company, as well as its denomination in the proper case, stating the domicile of the company.”

§47. The Name and Denomination of the Company.—All corporations must have a name, because it is only through name that it conducts its operations; without same it could hardly do so.

It will be seen that as to “denomination” (meaning a designation of the company undertaking [Art. 163]), its use is elective with the organizers because of the provision for its use “in the proper case;” and as no means are provided for determining such question, its need must be left to the organizers.

§48. Restrictions on Name Adopted.—The law places but two restrictions on the adoption of a name,—one carrying with it a personal liability, and the other a liability on behalf of the company as such.

§49. Liability of Member for Use of His Name.—If the name of any associate appears in the denomination of the

company, he shall become personally and jointly liable for its obligations (Art. 164), the associate thus standing in the position of a general partner in a limited partnership.

This liability is, however, more theoretical than practical, as it would probably be extremely difficult to fix same, unless the full given and surname of such associate were included in the denomination of the company.

§50. Name of Company Must Be Different from Others.—

The second restriction is that the denomination must be different from that of any other company. (Art. 164.)

Protection is afforded to the one who first acquires the use of a trade-name (Law of Trade-Marks and Trade-Names), and provisions are made for protection against the wrongful user thereof. The fact of such wrongful user does not invalidate the contract of association, but merely makes the company liable in damages, and to certain penalties for the wrong. When by chance the company finds that it is infringing upon prior rights in this respect, its remedy is an amendment of its articles, changing such name.

No central registration is kept of commercial names so as to make it possible to ascertain, before organization, those in use; although a means of registration thereof, much in the nature of trade-mark registration, is provided. Such registration affords better proof of right, but not the only proof. As advantage is seldom taken thereof, such register is inadequate for the purpose of the investigation of names already acquired.

By exercising reasonable care in the selection of the name for the company, complications in this respect will be avoided.

§51. Need Not Be in Spanish.—The law makes no requirement that the name be in Spanish,—in fact any name or series of names, or words, or letters,—even though they may not convey a meaning in any language, is permitted.

It is not unusual moreover, to find companies organized

with two names,—equivalents in meanings in Spanish and in a foreign language. While the Spanish equivalent is in no wise required to be used, yet it would appear the better practice to do so, thus avoiding all dangers of questions arising from the use of a denomination solely in a foreign language.

§52. Name Must Show Corporate Character.—After the denomination or name of the company the words “sociedad anonima” (anonymous society,—equivalent to “Incorporated”) must be added whenever it is necessary to make use of said denomination. (Art. 165.)

The law fails to provide a penalty for failure to use this designation, save perhaps, for cases where such omission is made for purposes of fraud; when the guilty parties become subject to a penalty for the commission of a crime, and for the payment of damages originating therefrom; and their acts thereunder are null and void. (Art. 272.)

§53. Use of Abbreviation to Denote Corporate Character.—The use of the letters “S. A.” as an abbreviation for “Sociedad Anonima” is customary for the purposes of showing the nature of the organization; and while not strictly in accord with the law, it would appear that no liability will arise from such use save in the exception last noted, as the letters have acquired a meaning through use.

Where the name of the company is used in public documents, the law prohibits such abbreviations. (§43.)

§54. Domicile of the Company.—Every company must have a domicile, which shall be designated in the articles of incorporation. It may be fixed at the place wherein the contract is executed, or it may be elsewhere. (§25.)

But it need not maintain offices or conduct any of its operations therefrom; and such place is merely the “legal residence” of the company.

The calls for stockholders’ meetings must be made

through the press of such domicile (Art. 203), but the law does not require such meetings to be held thereat.

§55. Agencies and Branches.—The corporation may establish branches outside of its domicile (Art. 188) if so provided in its by-laws,—under the control of special consulting committees, if desired, possessed of such powers as are conferred upon them by the by-laws. (§168.) Branches may be designated by the articles or by-laws in general or specific terms, to be created by stockholders, directors or managers.

§56. Maintaining Representative at Domicile.—No requirement is made that the company shall maintain a representative or attorney at the place of its domicile.

CHAPTER V.

THE OBJECT AND DURATION OF THE COMPANY.

§57. The Third Requirement for the Contract.

58. What May and May Not Be Object.

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64. Dissolution Before Expiration of Term.

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66. The Extension Contract.

§57. The Third Requirement for the Contract.—The third requirement for the contract or articles, is (Art. 95):

“III. The object and duration of the company and the manner of computing such duration.”

§58. What May and May Not Be Object.—The company will be formed for the purpose of conducting and carrying on one or more of the projects or undertakings to which the law has given the definition of “commercial”. (§6.)

No restriction whatever is placed upon the business which may be authorized under the articles, except that it must not be contrary to law or good customs. (Art. 1280 Civil Code.)

§59. May Combine Various Undertakings.—The articles may combine as many legal purposes or objects for the company undertakings as the parties may elect, the law making no restrictions in this respect. The company may even provide for such operations as require special permission in order to engage therein, such as powers of banks of issue, of railroad and of insurance operations. (§14.)

Companies may be organized for conducting lotteries and

bull-fights, but must secure "concessions" to operate therein before they will be permitted to carry forward such undertaking for which created.

§60. Manner of Stating Object.—The same care should be exercised in stating clearly the nature of the undertaking or undertakings of the Mexican corporation as is observed in common law countries, that is: it should be clear, concise and ample.

§61. Acts Committed in Excess of Object.—The articles having been properly registered in the place wherein the company is doing business, the acts committed in the name of the company, but in excess of its object, will not be binding upon the company (§317), as notice of such objects is imparted through registration. But a failure to effect such registration (§315) will make the company liable, even if its object has been exceeded. (Art. 316.)

§62. Liability of Officers for Exceeding Object.—When, however, an officer of the company has, in its name, effected a binding operation in excess of such object, and without the consent of the stockholders, he will be responsible to the company for any losses resulting therefrom. (Arts. 189-195.) (§152.)

§63. Life or Duration of the Company.—No restrictions are placed upon the life or duration of the company, and this may be fixed arbitrarily by the organizers. In common practice this is fixed at fifty or one hundred years; and the manner of computing same is usually covered by providing that the term shall begin with the date of the execution of the contract of organization, or at a future designated date.

§64. Dissolution Before Expiration of Term.—This may be brought about in the manner provided. (See §225.)

§65. Extending Term.—Where the duration of the company is to be extended, action must be taken by the stockholders in a meeting legally called for such purpose.

Unless the contract of incorporation or the by-laws, provide otherwise, there must be represented at said meeting at least three-fourth part of the capital stock, and there must be the unanimous vote in favor of the resolution, of shareholders representing half of said capital stock, in order to authorize the extension. (Art. 206.) (§255.)

But the stockholders may, by the articles, change this basis to meet their own conception of what is best as to the proportion of the stock to be represented at the meeting, and the number of same voting affirmatively on the question of extension.

§66. The Extension Contract.—The resolution having been legally adopted, a further resolution should be effected authorizing a certain person or persons to execute the contract on behalf of the company, before a notary public. (Art. 208.) (§253.)

In so doing the authorized person will present the “minute book” (§298) to the notary, who will copy the resolution and authorization for same into his book of protocols (§23), together with the necessary data covering the holding of the meeting at which adopted, and after placing his seal on the minute book, will cause the authorized person to execute the contract in the notarial book of protocols. The notary having later issued his certified copy (§23) of this amendment, same will be registered in the manner provided for in the case of the original articles. (§315.)

CHAPTER VI.

THE CAPITALIZATION.

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- 72. Kinds of Stock.
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- 115. Responsibility of Officers Effecting Stock Purchases Without Authority.
- 116. Status of Stock Purchased Contrary to Law.
- 117. Increasing Capitalization.
- 118. Decreasing Capitalization.

§67. The Fourth Requirement for the Contract.—The fourth requirement for the contract or articles is (Art. 95):

“IV. The capital of the company, stating the nature, number, and value of the shares in which it may be divided; * * * value and amount subscribed, or a statement of what associates bring to the company, whether in industry, credit or goods, showing the value given to one and to the other.”

§68. The Amount of the Capitalization.—This may be fixed arbitrarily by the organizers, as the law neither fixes a minimum or maximum therefor. However, the tax upon the contract, based upon the capitalization, is an economic factor to receive consideration. (§33.)

§69. Number of Shares.—Nor does the law fix the denominations of the shares, or the proportions of the entire capitalization which shall be evidenced by each share of stock. In consequence the number thereof will depend upon the value attached to each share; but the contract **must** show what this number is, as otherwise it is voidable. (§11.)

§70. Value of Shares.—What has been said above naturally applies equally to the value which will be represented by each share of stock. Such value must, however, be identical and equal, one share to the other. (Art. 178.)

§71. The Nature or Classes of Stock.—Under this heading are to be considered two important questions:

1. The nature of the rights to be given to the stockholders; and

2. The form in which such rights are to be expressed and evidenced: the stock certificates.

The Mexican laws are in some respects more liberal in these matters than are those of the United States; while in other respects they are less so.

With the exception of the requirement that all shares must possess the same "value" (as distinguished from "rights"), the company may adopt as many kinds of stock as it sees fit, giving to the holders thereof only such rights as may be desired.

§72. Kinds of Stock.—For this reason common stock; preferred cumulative; preferred non-cumulative; stock with and without right to vote in stockholders' meetings, as well as a special class of "guaranteed interest stock" (§212), in fact any class of known stock, may be provided for, giving such rights and privileges as may be desired to grant to their holders. A special right is given by law of granting "interest" on stock, even when profits are not made to cover same; this being chargeable as an expense, and not considered as a dividend. (See §212.)

But unless otherwise stipulated upon the organization of the company, all shares confer equal rights upon their holders. (Art. 178.)

Where various classes of stocks are created, giving different rights to their owners, these respective rights should be clearly defined in the articles of association.

§73. Entire Capitalization Must Be Subscribed.—Capitalization cannot be created to be sold after the organization of the company is completed, but it must be subscribed in its entirety in the contract of organization (Art. 170), and the subscribers, except where the company is formed through "public subscription" form of organization (§331), must execute the contract before a notary public. (§24.) The number of shares and value thereof subscribed by each incorporator must appear in the contract, as well as the

amount paid by them, or the values transferred to the company; or that the stock is "free stock." (§85.)

§74. Manner of Payment for Stock Subscriptions.—The consideration to pass to the company for its stock may be either

1. Money.
2. Revenues, titles, goods, real or personal property, or
3. It may issue gratis. (Art. 170.)

§75. Cash Payments for Stock Subscriptions.—Where stock subscriptions are to be paid in money, such subscribers must pay into the company at least ten per cent (10%) of this stock subscription, which payments must be made on or before the execution of the contract of association, or within a time fixed by the articles; and should such payment be fixed for a future date, and the subscriber fail to fulfill his obligations of payment, then such shares will be considered as not having been subscribed (Art. 170), and the authorized capitalization will be reduced the amount of such subscription. Consequently such shares may not then be re-sold by the company.

Subscribers may pay in cash, the entire amount of their subscriptions which are to be paid in money, if they so desire; or if so provided in the articles.

§76. Liability of Stockholders.—Stockholders are liable to the extent of their shares (Art. 163), although, as will hereafter appear (§85), they may escape this liability under the use of certain forms of stock certificates. Subscribers to the articles of incorporation are liable for the amount of their subscriptions, even though they later dispose of their interests in the company; in which case they are jointly liable.

But in all cases the liability of the stockholder is limited to the loss of his stock, and stock subscription.

§77. Installment Stock.—Where the stock is not issued as fully paid, it is, of course, subject to assessment until the full par value has been paid.

§78. Making Assessments.—The law does not provide the manner of laying assessments on assessable stock, or make provisions as to when or where same shall be paid to the company. Therefore these matters may be left to the stockholders in meeting, or be provided for in the articles or by-laws; or power to do so may be delegated to the directors, officers or other persons, in the articles or by-laws.

§79. Selling Stock for Unpaid Assessments.—The assessment having been legally authorized, unless otherwise provided in the by-laws, the shareholders neglecting to pay one or more assessments, the company may proceed to sell the defaulting shares at the risk and for the account of the defaulting shareholder (Art. 183); and upon perfecting the sale of the defaulting shares, it will issue new certificates therefor, and effect the registration required, in cases of such transfers of "holder stock." (§104.)

§80. Declaring Null Forfeited Shares.—In the case above mentioned it is necessary to nullify the old certificates by appropriate action of the directors or stockholders,—by the former, if such power has been given to them in the by-laws; and by the latter in the contrary case;—and to publish notice of such fact in the Official Journal of the domicile of the company. (§54.) The by-laws should provide the manner for taking such action.

§81. Issuing Stock for Property.—If all or any part of the capital stock is paid for by the transfer to the company of revenues, titles, goods, real or personal property, the value at which same is taken into the company cannot be applied as a liquidated part of the stock subscription, but the stock taken therefor must be issued as full paid through such transfer of property. (Art. 170.)

This is contrary to the provisions for subscription payments when the stock is to be paid for in cash, when such value,—in money,—may be spread out over the entire subscription so as to leave same paid only in part. (§75.)

§82. Description of Property Conveyed for Stock Subscription.—Where property is transferred to the company for stock therein, there shall be annexed to the articles a list thereof showing the values that have been set thereon (Art. 175); and such list should, for the purpose of identification, be subscribed or signed by the incorporators and the notary before whom the articles are executed.

When, however, as in the case of the transfer of real estate, mines or similar property, not made up of articles of merchandise, the description of such property may more properly be incorporated into the contract itself.

§83. Company Assuming Liabilities of Incorporator.—The company may acquire, free and clear of liens and encumbrances, the interests transferred to it by its subscribers for stock; or may acquire same encumbered with liens or indebtedness;—as a mortgage on real property, or liabilities of a business.

Where the organizers know that the organizing grantor of his assets for corporation stock, is effecting such transfer to defraud his creditors, such transfer will not release such property from the rights of a creditor to attach them for his debt, as in that case the act will constitute a fraudulent transfer.

When liabilities are assumed by the corporation, these should be listed, signed by the parties and the notary, so as to form a part of the contract. The contract must show who brings the values to the company, and the amount of stock issued therefor.

§84. Issuing Stocks for Industry or Promotion.—As the law places no restrictions upon the classes of shares which corporations may issue (§71), and no requirement is made that they shall issue same only under consideration had and received by the company, the basis of moral fraud so common under the laws of the United States in order to create promoter shares, becomes unnecessary under Mexican laws,

where "Free shares" or promoters' shares may be issued without the pretense of value or of industry having passed to the company therefor.

"Industry" brought into the company must be mentioned, as well as the value placed thereon; and as such value is merely that agreed upon by the parties to the contract, it cannot be attacked by subsequent stockholders upon the ground that same was unreasonable.

The law recognizes the rights of the parties to "give away" an interest in a company, and does not require that any value appear as coming to it therefrom. As provision is made in another part of the contract of association to cover this subject, the reader is referred thereto (§217), as well as to the following article.

§85. Rights of Free Stock.—As in all other classes of stock (§72), holders of free stock possess only such rights as may be conferred upon them by the articles, although unless otherwise provided, such stock will carry with it equal right with all other stock.

But such stock may be restricted in its participation in the profit-sharing, either as to the amount thereof, or as to the time when it shall begin to participate therein; it may carry with it general or limited powers in the management of the company, in its business, in voting powers at stockholders' meetings, etc.; or it may be denied such rights; it may enjoy participation in the distribution of the company assets in the event of liquidation; or may enjoy none.

In short, as in all classes of stock, the rights of the holders may be limited or extended to meet the wishes of the organizers.

§86. Tax on Transfers of Property for Corporation Stock.—While a sale of property must be effected in the manner provided by law, and the Government will collect a tax thereon; yet in the formation of a corporation, where property is transferred thereto in payment of stock subscription,

the contract of association effects such transfer, and no tax other than that upon the capitalization of the company (§33) attaches to the transaction.

§87. Registration of Articles Where Titles Are Acquired.

—Where real titles or titles to mines are acquired in the formation of companies, the certified and legalized copy of the articles (§24) should be recorded in the department of the state and district having jurisdiction over such properties. (§32.)

§88. Classes of Stock Certificates.—An anomaly exists, so far as concerns stock certificates, under Mexican and American laws, in that in Mexico same may be issued, either (Art. 178)

1. To bearer; or
2. To a designated person or holder.

Shares which have been issued in one or the other form, may be exchanged for the other kind, where provision is made therefor in the by-laws. (Art. 180.)

§89. What Stock Certificates Must Contain.—Shares, whether issued in the name of the holder or to bearer, must contain (Art. 179)—

- I. The name of the corporation and its domicile.
- II. The date of its organization.
- III. The value of the capital stock; the calls which the shareholders have paid on such capital stock; and the total number of shares into which the capital is divided.
- IV. The duration of the company.
- V. The rights granted to the shares by the articles or by-laws. The shares must be signed by the number of directors to be designated in the by-laws.

§90. The Form of Expressing Stock Requirements.—The form in which these requirements must be expressed is not provided for by law. It would therefore appear that they may be expressed in such manner as approved of by the

stockholders; or by the directors or officers, if the latter be authorized therefor.

It is usual however to express the general facts of the organization on the face of the certificate, with a reference to the reverse for the required extracts,—the face of the certificate being signed by the designated officers. (§173.)

§91. Extracts in Certificates from Articles and By-Laws.

—While extracts from the articles and by-laws as to the rights of shareholders, must appear upon the certificates, just how much thereof is required to be given is not provided for, and it is usual to merely select the more special articles covering such rights in meeting this requirement. No provision is made as to consequences for failure to comply with this provision.

§92. Who Shall Sign Certificates.—As will be seen later, the law does not require that corporations shall have a set of officers, although it is required that it have a board of directors, a manager and an examiner. (§169.)

In practice, however, officers are always provided for the company, either in its articles or by-laws; and it is usual to provide therein, for conferring power upon certain of the officers to sign stock certificates.

§93. Tax on Stock Certificates.—The law requires that stock certificates shall contain adhesive Federal Revenue Stamps, which shall be duly cancelled with the name of the company, the place of issuance of the certificate and the date thereof. (Stamp Law.)

Failure to so affix and cancel such stamps, will subject the company to a fine.

The basis of such tax is at the rate of two Mexican cents for every Twenty Pesos or fraction thereof, of capital stock represented by each certificate.

Each certificate may issue for one share or any number of shares desired. whether same run to holder or to bearer.

As every new certificate is subject to this tax, this fact is frequently an element to be considered in determining whether shares shall run to bearer or to holder; for, as to former, mere delivery is sufficient to convey title; while with the latter the old certificate must be surrendered and a new one issued bearing new stamps, if a certificate therefor is desired. (§104.)

§94. Bearer Stock.—The articles must show whether the stock is to be issued to bearer or to holder.

Bearer stock certificates merely recite that the bearer is the owner of a certain number of shares; and in all other respects the contents thereof are identical with “holder-shares.” (§99.)

§95. Transfers of Bearer Stock.—A transfer of shares issued to bearer, is made by the mere delivery of the certificate. (Art. 181.)

§96. No Register Required for Bearer Stock.—While the law imposes upon corporations the obligation to keep stock-registers for “holder stock” (Art. 180) (§100), no such requirement is made as to “bearer stock,” although the company should secure, as a means of protection to itself and officers, receipts therefor from the subscribers when delivering same.

§97. Assessments for Unpaid Balance on Bearer Stock.—The company has no means of knowing in advance of payment of assessments, the names of the persons who are the then owners of its bearer stock.

In order therefore to convey notice of assessments it is usual to provide, either in the resolution making same, or in the by-laws, that such notice shall be imparted by publication in a paper.

While with “holder stock” (§99) the owner cannot escape liability for the unpaid part of the par value thereof, liability therefor attaches to the owner of bearer stock only

in the event he desires to accept it, or when he divulges his ownership, and continues therein. This is unquestionably an advantage to the stockholder who does not wish to continue with the company, although it may work a hardship upon his associates, and upon the creditors of the company.

The Italian law governing corporations, formed along much the same general plan as that of Mexico, does not however permit the issuance of bearer stock until fully paid.

§98. Bearer Stock at Stockholders' Meetings.—As to the manner of securing participation in stockholders' meetings, see §290.

§99. Holder Stock.—Holder stock certificates must show on the face thereof, the name of its owner. It must conform in all other respects to the legal requirements of form covering both classes of stock. (§89.)

§100. Stock Book.—While no stock book need be kept for bearer stock,—a transfer thereof being perfected by mere delivery of the stock certificate (§96),—the corporation is obliged to keep such stock register when its certificates run to the holder,—that is to say, when the stock certificates designate some particular individual as the owner thereof. (Art. 180.)

This stock register need not be legalized (§298), as is required of the minute book and the books of accounting (§325) of the company. The stubs of the issued stock certificates may therefore answer for such purpose.

§101. What Stock Book Must Contain.—The stock book must show (Art. 180):

- I. The full name of each shareholder, and a statement of the number of his shares.
- II. A statement of installments paid on such shares.
- III. The transfers that may have been made, with their respective dates, or the changing of shares in the name of

the holder into those to bearer, when this is permitted by the by-laws.

IV. A statement of the shares deposited as security for the faithful performance of the duties of the directors (§134) managers (§179) and examiners (§192).

§102. Proof of Ownership of Holder Stock.—The ownership of “holder shares” does not pass by endorsement of the stock certificate, but only upon inscription of same being perfected in the stock book.

Such inscription must be dated and signed by the grantor and grantee, or by their respective attorneys-in-fact. (Art. 181.)

As the “holder” certificate is merely a memorandum of the stock-book record in which ownership is established, the certificate may or may not be issued.

§103. Attachment of Stock.—Such action will be taken through the company, and not upon the certificates which may have been issued to “holder.” The certificates themselves must be attached when the company has issued “bearer” shares.

§104. Transfers of Holder Stock.—Where not made in person by the parties, they or either of them must issue a power of attorney to effect same. Where certificates are issued, it is usual to place a form of transfer thereon, to be signed by the grantor at least, in which such grantor empowers some person to effect such transfer. By reason of such authorization a power of attorney is given, to which there must be annexed a five-cent revenue stamp of the place where same is executed, and which must be properly cancelled with the name of the person executing, and the date thereof.

The purchaser or grantee may give a similar document for his representation in effecting the transfer.

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§105. Sales of Stock Before Company Constituted, Void.—The sale or transfer of shares made by the subscribers or founders of the corporation before it is legally constituted, are null and void. (Art. 177.)

§106. Assessment of Holder Stock.—The owner of holder stock is liable for assessments thereon up to the par value thereof; and this liability may be enforced (§76), but having effected transfer before assessment thereof (§104), such liability ceases as between the grantor and grantee.

As to the manner of effecting assessment. (See §265.)

§107. Holder Stock at Stockholders' Meetings.—While the owner of bearer stock must evidence such ownership to the satisfaction of the company by his stock certificates before he will be allowed to participate in stockholders' meetings (§290), this is not the case with owners of "holder" stock, as their rights are evidenced by the stock book or register of the company. (§100.)

§108. Co-Ownership of Stock.—Every share in a corporation is indivisible, therefore where there are several owners of a share, they must appoint a common representative, and if they do not agree on any one person, the judicial authority must make such appointment. (Art. 182.)

§109. Limitations on Company's Purchases of Own Stock.—Corporations are prohibited from purchasing their own shares, except in the following cases (Art. 184):

I. When paid-up shares are purchased with the authorization of a general meeting (§110) of stockholders and with funds that may arise from profits not devoted to the reserve fund. (§197.)

II. When the purchase is made by virtue of an authorization already provided in the by-laws.

III. When the purchase is made with the capital of the corporation, complying with all formalities prescribed for the reduction of the capital stock.

§110. Stock Purchase from Profits Not Devoted to Reserve Fund.—As will be seen, corporations are compelled to create reserve funds equal to a certain proportion of their capitalization, and to replenish same, when reduced below such amount. This fund is formed gradually, a certain portion of profits being set aside for such purpose. (§197.)

As has been observed, then, corporations may purchase their own stock, paying therefor out of profits **not** devoted to the reserve fund; but in order to do so such action must have been first authorized by a general meeting of stockholders. (§277.)

Any unauthorized purchase of the company's stock by its officers, would be a breach of their trust, and they would be forced to respond to the stockholders for any damages arising therefrom, as well as for a criminal liability (§152) under certain circumstances. (Art. 185.) While no purchase of its own stock by the company will be null and void, except the seller has acted in bad faith or fraud on the company, yet in no case will the officers effecting same escape liability for damages resulting. (Art. 185.)

§111. Stock Purchases Made Under By-Laws.—The purchase may be made by virtue of an authorization already provided in the by-laws; and such purchase may be effected either from its undisturbed profits or from its reserve fund (§197) as authorized.

§112. Stock Purchase Made from Capital.—Where its own stock is purchased by the company from the funds received from the sale of its capital stock, then such action must be taken with all the formalities required by the law in reducing its capital stock, including the calling of a stockholders' meeting to take action thereon (§280), at which meeting the required number of shares must be represented (§255), and the designated number thereof vote affirmatively on the proposition. Their action must be reduced to a public document (§22), and be registered. (§315.)

§113. Status of Stock Purchased from Profits Not Devoted to Reserve Fund.—In this case the company retains such shares in its treasury, and may dispose of them as it sees fit, although their purchase, having been determined by the stockholders, they are the sole judges of the propriety and expediency of again selling them, unless they shall have authorized the directors or officers to use their judgment in such matter.

Shares so purchased naturally cannot have representation in stockholders' meetings, nor can they be computed as among the shares represented at such meetings in order to form a quorum thereat for any of the purposes of the by-laws (§292). They are in fact "Sleeping shares." (Art. 184.)

§114. Status of Stock Purchased Under By-Laws or from Capital.—On the other hand, where the company's stock is purchased by itself under the authorization of by-laws, from undistributed profits or from the reserve fund (§197), or with the capital of the company (§69), such shares become null and void; and in the last case stated the capital must be reduced in a formal manner. (§118.)

Under the first basis,—where the shares have been purchased from undistributed profits or from the reserve fund, it appears that while such shares are null and void, and consequently cannot be resold or reissued, the proportion of capital which corresponds thereto must be retained by the company, and by reason thereof same must be considered in connection with the establishing and maintaining of the reserve fund, as a part of it. (§197.) (Art. 184.)

§115. Responsibility of Officers Effecting Stock Purchases Without Authority.—The directors or managers who may have given authority for the purchase of the company's stock in contravention of the law governing such matters, are responsible for the losses and damages which may result thereby to the corporation, and may at the same time be

made criminally liable for any crime they may have committed in connection therewith, such as fraud, etc. (Art. 185.)

§116. Status of Stock Purchased Contrary to Law.—Purchase of stock made in contravention of the prescriptions of the law (§109) are not void of themselves; but where the seller has acted in bad faith or in fraud, such sales are voidable, and may be rescinded upon proper action by the stockholders. (Art. 185.)

§117. Increasing Capitalization.—Where the capitalization is to be increased, this is considered as a readjustment of the corporation affairs between the old members and their contract with the new stockholders or the owners of such new stock; for this reason an entirely new contract of organization, with the changes which are made necessary in any or all of the clauses of the corporate contract, must be effected. (Art. 207.)

The law as to all matters having to do with the capitalization of the company in the process of its original organization, applies equally to the new capital. (§67.)

As the new contract is really one between the old stockholders and the persons seeking admission into the company through the acquisition of the increased capitalization, the stockholders, will, at their meeting, properly held (§277), sanction the increase of stock and authorize certain of its members to execute, on their behalf, the contract with the new members (§15) (Art. 206), which authority will be proved in the new contract (§42), the subscribers of the new stock executing the contract with such representative of the old stockholders or company.

§118. Decreasing Capitalization.—Is effected in the same manner and with the same formalities as required when extending the term of the contract. (§245.)

CHAPTER VII.

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- 165. Termination of Directors' Charge.
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- 167. Compensation of Directors.
- 168. Constituting Consulting Committees.

§119. The Fifth Requirement for the Contract.—The fifth requirement for the contract or articles is (Art. 76):

“V. The manner in which the society is to be managed or directed, specifying the powers to be exercised by the managers or directors.”

§120. Who Will Manage the Company.—The affairs of the corporation are, under the authorization of the stockholders, controlled and governed by:

1. An elective Board of Directors acting under authority conferred upon it in the articles, by-laws or by stockholders' resolutions. (§121.) (Art. 188.)

2. A manager or managers, elected by stockholders or appointed by directors acting under authority of the articles, by-laws, stockholders' resolutions or resolutions of directors, within the powers granted to them by the stockholders. (§169.) (Art. 197.)

3. An examiner, elected by the stockholders. This functionary does not possess executive or administrative functions, but is a “caretaker” of the interests of the share-

holders, as distinguished from the "executive officers" of the company. (§184.) (Art. 198.) His duties are defined by statute.

4. Consulting Committees, outside of the domicile of the company, may be appointed by the stockholders, or in any other manner which they may elect. Such committees when created, will possess such executive and administrative powers as may be conferred upon them by the by-laws. (Art. 188.) (§168.)

§121. The Board of Directors.—The management of all corporations shall be entrusted to a Board of Directors and one or more managers. (§120.) (Art. 188.)

§122. Number of Directors.—The number of directors will be such as are desired by the stockholders. There need not be an uneven number of members. The articles may be changed in this respect should stockholders so desire. (§245.)

§123. How Elected.—All members of the Board of Directors shall be elected by a general meeting of stockholders (Art. 190) (§130), except in the case hereafter designated (§131.)

§124. Term of Office.—The terms of directors may be fixed by the articles or by-laws, but these are temporary and may be revoked by the stockholders. (§138.) It is usual, in providing for their terms of office, to also provide that they shall hold same after the expiration thereof, or until their successors have been elected and have qualified: this, in order that the company may never be left without a legal board of directors.

§125. Vacancies in Board of Directors.—The above is subject to interpretation, as it is also provided (Art. 191) that vacancies in the board of directors may be filled in the man-

ner that may be prescribed in the by-laws (§267) of the corporation.

Vacancies may be either:

1. Permanent.

2. Temporary.

Permanent vacancies may occur through death, resignation or other cause.

Temporary vacancies may occur through the inability of a director to attend certain or all directors' meetings.

While Art. 190, considered by itself, would appear to make it impossible to fill even temporary vacancies otherwise than through stockholders' elections, this is subject to the limitation that, directors having been elected for a term, any vacancy occurring among the members so elected, may be filled for the remainder of the term of such vacating officer or until the stockholders have elected to remove the director so elected, in a manner to be indicated by the by-laws; although should the by-laws be silent upon the question, such vacancy could only be filled through election at a stockholders' meeting. It is therefore not uncommon to provide in the by-laws and generally advisable to do so, that permanent vacancies may be filled through appointments by the Board of Directors.

§126. Substitute Directors.—As vacancies in the Board of Directors may be filled in the manner prescribed in the by-laws, and as an inability of a director to attend to his trust is a temporary vacancy of his office, it is usual to provide,—in companies of importance,—for the election by the stockholders when selecting regular directors, of “substitute directors,” who shall fill the office of director in the event of the absence of a regular director.

§127. Notice of Meeting to Substitute Directors.—And as the Board of Directors must take action, it is usual to give notice to substitute when his presence may be required, in

the manner provided for in cases of regular directors (§305), advising him of the meeting and of the director whose post he is to fill. The fact that the substitute is acting for the regular director should appear in the minutes of the meeting. (§310.)

§128. Substitute Directors Provided for in By-Laws.—As the designation of substitute directors is purely a matter of convenience for the company, and the law makes no requirement for them, they may or may not be provided for; but if they are desired, they should be provided for more properly in the by-laws, and not in the articles. (Art. 191.)

§129. Qualifying Substitute Directors.—While the regular directors must be stockholders and deposit a certain number of their shares with the company as a guarantee of the faithful performance of their duties (§135), this is not required of substitute directors, theirs being offices created by contract independent of the requirements of law. Substitute directors need not even be stockholders in the company.

§130. Selection of Substitute Directors.—Where such offices are created, those who are to fill same may be elected or appointed in the manner provided for in the by-laws. They are generally elected at the meeting which selects the regular directors.

§131. First Directors May Be Named by Articles.—While directors must generally be elected by the stockholders in meeting, yet in the first instance, they may be designated in the articles. (Art. 190.)

§132. Directors May Be Re-elected.—Directors may be re-elected to their offices unless the articles or by-laws provide otherwise. (Art. 190.)

§133. Directors Must Be Shareholders.—Only shareholders may serve as general directors, but their interest need not be in excess of the number of shares required to be deposited by them in order to qualify them in their offices; they need not have purchased their shares in order to hold office, but may have acquired them by gift, or in any other manner. One may, however, be elected a director without being a stockholder, but he must qualify as such, before he can legally assume the duties of his office.

§134. Qualifying of Directors Through Stock Deposits.—Each one of the directors must deposit within the control of the corporation, during the period that his trust may last, a certain number of the shares of the company, as security for the faithful performance of his duties. (Art. 193.) As soon as the period of the trust of the director is completed, his stock will be returned to him unless the stockholders have exacted his responsibility in due form (Art. 195) (§160), in which case the corporation will hold a lien thereon for the liability which he may have incurred.

§135. Number of Shares to Be Deposited by Directors.—The amount of stock-deposit-guarantee which shall be effected by the directors is a matter which concerns the stockholders alone, although the law explicitly requires that the deposit **must** be of some certain number of shares, to be determined by the by-laws. The number need not be uniform; and as the position of directors and officers or managers may be combined (§172), and these officers are usually selected from among the directors (§169), there may exist reasons why the stock-deposit-guarantee should be greater for one than for another director. As an example: the responsibility of a vice-president director could not be as great as that of a treasurer director. In practice, however, the directors are usually elected as such by the stockholders, and the officers of the company, being provided for in the by-laws (§170), their appointment to the different offices of

the company is usually left to the board of directors (§171); the by-laws sometimes providing that certain officers shall give bond, in addition to the stock deposit required of them as a director.

§136. Directors' Power of Disposing of Qualifying Shares.—A director cannot dispose of his stock, deposited as a guarantee for his charge, nor can he encumber it, so long as he remains in his trust; as the company holds an interest therein during his continuance in office, and even afterwards in the event he shall have been found derelict in his obligations to the company. (§149.)

§137. Proof of Director Having Qualified.—The proof of a director having qualified, is evidenced, when the company's shares have been issued to "holder," through (§101):

1. The fact of his shares having been deposited with the company.
2. The inscription in the stock book of the shares so deposited.

Where the company's shares are issued to bearer (§94) the proof of a director having qualified will be the fact of his shares having been deposited with the company.

The proof of the deposit of share certificates is a question of the law of evidence when put in issue before the courts; but it is customary for the directors to secure certificates of share deposits from the officer having the custody of the company's value (generally the treasurer).

As it is the duty of the directors of the company to see that its affairs are conducted in accordance with law, the company's articles and its by-laws, it is always best that the directors, at their first meeting after election, and before transacting business, should ascertain that their members have qualified (§312) as otherwise they may become responsible for dereliction in office. (§138.)

§138. Powers, Duties and Obligations of Directors.—Unless otherwise specified in the by-laws the Board of Directors has the amplest powers to carry into effect all the operations which may be necessary in conformity with the nature and object of the corporation. (Art. 189.)

But the by-laws may restrict the powers of such Board in the manner which the stockholders may deem most expedient, the stockholders reserving powers to themselves or conferring same on others than directors. (Art. 189.)

The action of the directors must at all times be restricted to the nature and object for which the corporation was formed, (Art. 189) and if they exceed such object, or violate their trust, they will be held accountable therefore (Art. 195) (§61.) But where such action is taken upon resolution of a majority of stockholders, it would appear that the minority would have no recourse, as the directors can only be made responsible when the stockholders exact their responsibility in meeting. (Art. 195.) (§160.)

The management of corporations is temporary and may be revoked (Art. 187) at any time by the power which created it, as the shareholder or shareholders holding that trust shall be considered as agents of the company.

The managers of the company are its Board of Directors as well as consulting committees, if created (§168), and the functionaries called by the name of “managers” (Art. 188), the duties of the latter being the conducting of the affairs of the company, and holding the power to represent it in everything having to do with its undertakings or as provided for in the by-laws. (§169.) (Art. 197.)

As agents of the company such Board of Directors, consulting committees, and managers possess only such powers as the principal (the company) may confer upon each of them, except that the Board of Directors, unless otherwise specified in the by-laws, has the amplest powers to carry into effect all the operations which may be necessary in conformity with the nature and object of the corporation (Art.

189); and for such purpose may, in the absence of by-law restrictions, appoint managers and designate their duties.

§139. Directors' Powers May Be Restricted.—But the stockholders may restrict the general power of the Board of Directors, granting to it only such authority over the affairs of the company as they deem expedient, and reserving to themselves all other powers, or conferring them upon consulting committees outside the domicile of the company (§168), or upon managers.

Restrictions of the general powers of directors must therefore be clearly set forth in the by-laws.

§140. Special Obligations of Directors.—Aside from the general powers in the management of the corporation,—or special powers, when general power has been limited by the by-laws,—the board of directors and the members thereof are under certain further express obligations to the company and its stockholders.

§141.—Directors Must Render Yearly Statements to Stockholders.—The directors must render a yearly general balance of the business, which shall have first been submitted to the “examiner” (§184) for verification, comment, etc., after which such balance sheet and the report of the examiner must be submitted to the stockholders in meeting, for their action. (§188.) (Art. 202.)

§142. Publication of Annual Statement.—Corporations must publish yearly, in the Official Journal (§314) of the State, District or Territory, where they have their domicile, a balance sheet wherein must be stated the amount of their capital stock, specifying what portion thereof has been paid in, and what is still to be received, the amount of cash on hand, and the different items constituting the assets and liabilities of the corporation. (Art. 215.) This publication should be made by the officers of the company, but their

omission to do so will in no wise affect the company; and unless same should cause the company to suffer an injury, such omission will not affect the officers.

§143. Directors Must Call Stockholders' Meetings.—Stockholders' meetings are either ordinary,—the times for holding same are fixed by the articles or by-laws, and are held at least once a year,—or they are extraordinary, being called at any time they may be deemed necessary (Art. 202.) (§277.)

These meetings may be called either by the board of directors or by the examiner (Art. 204) in the manner provided (§280), and at the times designated or when deemed necessary, either by such board or examiner; or the directors may be compelled to call same upon petition of a sufficient number of stockholders therefor. (§281.)

§144. Requirements Governing Minutes of Directors' Meetings.—The Board of Directors, as well as the stockholders, are compelled to keep minute books (§298) of meetings of such bodies, which minutes must be kept in the manner prescribed by law. (Art. 41.) (§299.)

It is customary, although not necessary, for companies to keep separate minute books for stockholders' meetings and for directors' meetings. (§310.)

It is required that minute books be "authorized" or "legalized" by the Government before they can be used (§299), and a penalty attaches for failure to keep the minutes in such books, as well as for any other failure to conform with the requirements of the law in reference to them. (§298.)

The minute book having been authorized, the minutes of each directors' meeting must be inscribed therein **in the Spanish language**, and must contain (1) the date of the meeting; (2) the names of those present; (3) an account of the resolutions passed. (Art. 41.) (§4.) The minutes should be signed by such persons as the by-laws may direct,

and consequently the by-laws should make provision therefor; but in the absence of these provisions they should be signed by all attending directors.

In addition to the above requirements of the law, it is of course necessary that the minutes show the place of holding the meetings; and it is usual in case of "substitute directors" (§126) attending the meeting, to show in whose behalf or representation they attend.

As already shown, it is also advisable for the purpose of avoiding liability on the part of directors, that the minutes of the first directors' meeting after their election, should show that all of the members as well as the examiner have qualified in their offices through the corresponding stock deposits. (§134.)

As directors must advise of adverse interests in any proposition which may be submitted to the company for approval, and must cause such declaration to be entered in the minutes (Art. 196) (§151) in order to escape responsibility for fraud, the entry should be made whether the meeting at which such adverse interests is brought up, be either that of stockholders or directors.

No special words are required to be used in the minutes, but care should be taken to make them as clear as possible in their meaning.

§145. Place of Holding Directors' Meetings.—The place for the holding of directors' meetings is naturally at the domicile of the company and in its place of business at such point; but there is no reason why same may not be held at and in any other place, should such provisions be made by the articles or by-laws, as the law places no restrictions thereon. The by-laws may give the board of directors or an officer of the company power to determine this question.

§146. Times for Holding Directors' Meetings.—Neither does the law require that directors' meetings be held at

stated times; and therefore what has been said above may be equally applied to this subject.

It is sometimes provided in the by-laws that such meetings are to be held in a particular place on stated days; for example, "monthly, on the first Monday in each month."

The importance of the enterprise, the needs for meetings and other considerations, will be determined by the stockholders, or they may leave its solution to the Board of Directors.

§147. Notice of Holding of Directors' Meetings.—While the law provides the means of giving notice of stockholders' meetings to be held (§282), no provisions are made as to directors' meetings, this question may be resolved through by-law provisions, or be left to the board of directors for resolution.

Where a time and place are fixed for the holding of regular directors' meetings, notice thereof to the directors would hardly be required, as they must know the laws by which they are governed; but it is not unusual for the Secretary (§175) of the company to advise the members by letter, a few days in advance of the meetings, stating time and place for holding same.

Where no date is fixed for meetings, it would appear the better practice to give power to the President (§173) or to any director to call meetings, upon giving written notice thereof to all directors a certain number of days in advance of the time fixed therefor.

§148. Quorum of the Board of Directors.—The law is silent as to how many directors will constitute a quorum of the board at a meeting; but reason would indicate that there must be at least a sufficient representation to equal a majority of the total number of the board.

Where "substitute directors" (§126) are provided for, it is usual to make provisions for calling them to effect a designated quorum, or to fill the post of an absent "pro-

prietary director" (§121), when it is known that the latter cannot attend a meeting. In this event the "substitute director" will be counted for the purpose of constituting a quorum, and will be entitled to all the rights of representation of the absent proprietary director, the substitute director not being considered as an attorney-in-fact for the absent director so as to make him come within the rule that such an attorney cannot act for a member (§149) for he will have been elected by the stockholders as an "Alternate director," and does not exercise his powers by reason of having been empowered by the director whose place he fills on the board.

§149. Status and Responsibilities of Directors.—The trust of the members of the Board of Directors is personal, and can never be performed by an attorney-in-fact. (Art. 192.)

A director is elected to his post because of the personal trust which the stockholders of a corporation have deemed fit to place in him; and as the general rule of all law is that a delegated power cannot be re-delegated without the consent of the principal, and as the law does not permit the principal or corporation to grant such consent in this instance, the director can never, under any circumstances, give to another the power to act in his stead in his office of director.

§150. Directors do Not Contract Personal Liability.—A director is an agent for his principal, the company, and as such his acts are in its representation. Whatever he does is for its benefit, and therefore he assumes no personal obligation in any transaction which he may make in the name of the corporation for which he exercises the rights of his office. (Art. 194.)

Nevertheless if, by means of a penal offence, he violates or eludes the resolutions of stockholders or directors' meetings, the company agreements, or the law governing corporations, he may be held responsible therefor both criminally as well as civilly, and all acts consummated by means of his offence will be null and void. (Art. 272.)

§151. Directors Must Advise of Adverse Interests.—As has already been shown (§145), a director must make known any interest he may have adverse to the company, in any operation which may be submitted to the company for its approval. (Art. 196.) His failure to do so will place upon him the same degree of responsibility set forth in the preceding paragraph. (§150.)

§152. Directors' Responsibility for Breach of Trust.—The directors are responsible to the corporation for the performance of the trust in their charge and for dereliction in their duties, in accordance with the ordinary principles of the law. (Art. 195.)

The law governing corporations places directors under certain specified obligations toward their trust, as heretofore demonstrated.

Aside from these specific obligations, the directors are under certain further and general obligations to their trust, and this trust being that of joint agents, with their corporation as principal, their duties are such as the law exacts from the agent to principal in ordinary cases of such relationship.

§153. Joint Responsibility of Directors.—For a collective breach of trust on the part of the entire directorate of the company, the directors will be held jointly responsible, in equal proportions, for losses and damages arising from such breach of trust. (Art. 2368, Civil Code.)

§154. Must Fulfill Obligations of Director.—The directors are obliged to comply with the legal obligations exacted of them (Art. 2359, Civil Code), while fulfilling their post, whether their obligations arise through action of law in placing the general management of the corporation under their charge (§138) or whether arising from the conditions of the contract of association or articles, or by reason of the by-laws or resolutions of the stockholders.

§155. Director Must Exercise Customary Care.—The directors must each exercise, in the use of their trust, the dili-

gence and care which the business requires and which they are accustomed to employ in their individual business undertakings; and will be held responsible for losses and damages resulting from failure to so do. (Art. 2360 Civil Code.)

A director will not, therefore, be held to any greater degree of care in the management of affairs entrusted to him, than he exercises in his own behalf.

§156. Directors Must Not Exceed Their Powers.—The directors who exceed their powers are responsible to the company for the losses and damages which it may suffer thereby, and may also be held responsible to third parties for any losses and damages caused by their unauthorized act in the event the third party did not know that the director was exceeding his powers. (Art. 2362, Civil Code.)

§157. Directors Must Render Strict Account of Their Acts.—Directors are required to render strict account of their administration to the stockholders and company, at such times as these are exacted by law (§142), the articles, the by-laws, or action of the stockholders (Art. 2363, Civil Code.)

Each director must account strictly to the company for everything he has received for it by virtue of his office (Art. 2364, Civil Code), and even when the property or thing so received by him was not due to the company. (Art. 2365, Civil Code.)

§158. Directors Must Pay Interest to Company on Its Money Used by Them.—Where directors have diverted to their own use, funds belonging to the company, they must pay interest thereon to the company from the date of the use thereof; as also on the amounts which they may have collected, from the date on which they should have paid them into the treasury of the company. (Art. 2366, Civil Code.) The statutory rate of interest, in cases of failure to comply with contract obligations, is six per cent (6%) per annum.

A criminal responsibility also attaches for misuse of funds by an agent. (Art. 272.)

§159. Directors' Responsibility for Unauthorized Purchase of Company Stock.—As already pointed out (§150), directors are liable, both criminally and civilly, for effecting purchases of the stock of their company in contravention of the prescriptions of the law in reference thereto. (Art. 185.)

§160. Enforcing Directors' Liability for Breach of Trust.—The civil responsibility to which the acts of the directors have given place can only be exacted, so far as the company is concerned, through action of the stockholders in general meeting, and by the person authorized for the purpose by such meeting. (Art. 195.)

A difficulty would appear to exist in that the call for stockholders' meetings must be made by the Board of Directors or by the examiner (§184), and while the stockholders may legally compel such officers to call meetings (§281), the refusal or neglect on their part to do so would make it necessary to resort to the courts to compel such action, as no legal meeting can take place without proceeding to call it in the manner provided by law. (§283.)

Where a stockholders' meeting has been regularly and legally called, and the question of enforcing the directors' responsibility may be legally treated thereat, and it is the desire of a legal majority at the meeting (§292) to enforce such responsibility, a resolution should be passed, setting forth such abuse of trust and directing a certain person or persons to exercise the rights of the company arising therefrom. This resolution should specifically empower such person for civil or criminal proceedings, or both, as may be determined by the meeting.

§161. Disabilities of Directors.—Directors, as stockholders, are under certain disabilities not imposed upon other stockholders.

§162. Directors Cannot vote to Approve Their Accounts.—The law provides that directors may not vote at stockholders' meetings to approve their accounts, nor on questions touching their responsibility (Art. 212); and where such acts

show upon the minute books as having been voted upon by directors, it will be necessary to deduct their stockholdings from the total affirmative vote cast, in order to ascertain whether or not the approval has been effected by a proper proportion of the stock having the right to vote on such question; and if this is not the case, then the act is null and void.

When votings are recorded in the minutes by the word "unanimous," the minutes should show that the directors did not vote their shares on the above questions; but where the votes appear in the minutes as a designated number voting affirmatively, together with the names of those casting said votes, no such reference need be made.

§163. Directors Cannot Vote on Resolutions Affecting Personal Responsibility.—What has been said as to directors voting to approve their own accounts, is equally applicable in this case. (Art. 212,)

As "bearer shares" (§194) are transferred by the mere delivery of the stock certificate no stock-book record being required as to them, frauds upon the above law are sometimes resorted to by the delivery of such stock to one not a director, the "voting certificate" being issued to such person. This is entirely contrary to law, and those participating therein may be made criminally and civilly responsible for such illegal act. (Art. 272, § 150.)

§164. Directors Cannot Hold Proxies.—While the law permits the voting of proxies at stockholders' meetings, the power of holding proxies and voting them is limited to those who are not directors of the company. (Art. 210.) In consequence such votes cast by a director will be considered as not having been present at the meeting.

§165. Termination of Directors' Charge.—The termination of the charge of a director may be either through—

1. Expiration of term in office. (§124.)
2. Revocation by stockholders. (§138.)

3. Resignation.

4. Death, insanity, or, in case of single woman, through marriage; and in the case of married women acting under consent of the husband, through the withdrawal thereof.

5. Bankruptcy. (§231.)

6. Naming of liquidators. (§226.)

§166. Termination of Directors' Charge Through Naming Liquidators.—Where the liquidation of the company is resolved upon by the stockholders, and liquidators are named therefor the trust of the directors is terminated (Art. 218); although they must lend their assistance to such liquidators. (§229.)

Where one or more directors are named as liquidators, the law requires certain publicity of their acts as liquidators, which are not required of those who were not filling the office of a director at the time the liquidation was determined upon. (§233.)

The directors must deliver to the liquidators, their accounts, during the period comprised from the last balance sheet, approved by a stockholders' meeting, and the opening of the liquidation. (Art. 219.)

§167. Compensation of Directors.—The law does not designate the compensation which shall be paid to the directors for their services to the company, but permits same to be determined by either (Art. 202)—

1. The by-laws; or

2. The stockholders' meeting.

It is a common practice with Mexican corporations to provide in their by-laws that a certain per cent of the net profits for the business year of the company, be set aside as compensation for the work of the directors; and further to provide that such fund shall be distributed among the directors in accordance with their respective attendance on directors' meetings.

It is sometimes preferred to stipulate a certain fixed compensation for each attendance of directors.

§168. Constituting Consulting Committees.—The law permits the constituting of consulting committees outside the domicile (§120) of the company (Art. 188), but not at said domicile, as the board of directors is the body empowered to manage its affairs thereat.

There may be as many of these committees as the affairs of the company may make necessary, or the stockholders may so consider.

Where consulting committees are desired, they must be provided for in the articles of incorporation (§120), but need only be so provided for in general terms, leaving the question of the numbers of committees, their base of operations, and the number of their members, to be determined by the stockholders or directors.

Such committees shall have the executive and administrative powers which may be conferred on them in the by-laws (Art. 188); and they may therefore be made subordinate to the board of directors or stockholders, to such extent as may be deemed prudent or necessary.

The power to designate the members of such committees may be retained by the stockholders, or be delegated to the board of directors.

As agents of the company, the members of such committees are responsible to the company in the same degree as its directors, managers, or other employees entrusted with its business (§138), but, unlike directors, the law does not require that their responsibility be exacted by a stockholders' meeting. Neither is it required that they be stockholders, or that they effect stock deposits with the company to insure the faithful performance of their duties to the company, as is required in the case of directors. (§134.)

Their term in office, and all of their relations to the company, will be governed by the by-laws, except as to their general responsibility, which, as previously stated, is governed by the laws of principal and agent.

CHAPTER VIII.

THE MANAGEMENT OF THE COMPANY—Continued.

THE MANAGERS AND EXAMINERS.

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- 173. The President.
- 174. The Vice-President.
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- 191. Re-election of Same Examiner.
- 192. Qualifying of Examiners.
- 193. Responsibility of Examiners.
- 194. Examiners May Hold and Vote Proxies.
- 195. Compensation of Examiner.
- 196. Termination of Examiner's Charge.

§169. The Managers of the Company.—In addition to the board of directors, the law requires that corporations shall entrust the management of its affairs to one or more managers. (Art. 188.)

The articles of incorporation should provide for managers, although it is not necessary that they be specifically enum-

erated, it being sufficient to provide merely that there be such officers, "whose appointment, dismissal and duties shall be prescribed in the by-laws." (Art. 197.)

§170. Duties of Managers.—The number and duties of managers, is left entirely to the stockholders through by-law provisions adopted to cover these matters; in consequence various managers, with combined or separate powers, may be created.

It is under this power to create managers that the designating of the officers of the company are effected with certain defined powers and duties.

§171. Appointment of Managers.—It is usual,—although it is not required by law,—for the selection of managers to be left to the board of directors, with proper by-law provisions to this effect; although even without such provisions, that body would probably possess authority to do so under the general power of management possessed by it. (§138.)

§172. Kinds or Classes of Managers.—The by-laws should provide for a President, a Vice-President, a Secretary and a Treasurer; and it is usual to provide for at least a General Manager, although this need not be done, inasmuch as the offices above referred to do not exist by operation of law, but by contract provisions as contained in either the articles or in the by-laws, and they must therefore be defined through granting to each of the officers the power and authority which it is desired they shall possess. These definitions may be made as broad or as limited as desired, and the powers may thus be divided among the different officers to such extent as may be deemed best.

§173. The President.—It is usual to grant to the President (1) power to preside over all meetings of stockholders and of directors; (2) to cast the deciding vote at directors' meetings; (3) to sign the documents of the company with the Secretary or Treasurer (§176): (a) all stock certificates,

and (b) all minutes of stockholders' and directors' meetings; also to sign with the Treasurer the checks of the company, and the evidences of indebtedness which the company may issue. (4) He is often granted, in addition to the faculties indicated, power to represent the company before administrative as well as judicial authorities; and is sometimes given power likewise to execute powers of attorney, conferring authority to do so. These powers, as already noted, may be extended or restricted to suit the stockholders.

§174. The Vice-President.—It is usual to provide that the vice-president may exercise the functions of the President in the absence of the latter.

Provision may be made for several vice-presidents, who shall exercise the faculties of the president or consecutive vice-presidents, in case of their absence.

§175. The Secretary.—It is usual to provide that the Secretary shall keep the minutes of the meetings of stockholders' and directors', and shall sign same with the President or other presiding officer. Also that he shall have the custody of the minute books, and the other documents having to do with the affairs of the company.

He should deliver such books and papers to his successor.

§176. The Treasurer.—It is usual to provide that the Treasurer shall have the custody of the funds of the company as well as its valuable papers. Also that he shall deposit all funds to the credit of the company in a bank to be designated. The by-laws, as a rule, provide that said bank shall be selected by the Board of Directors.

The Treasurer should pay all obligations of the company from its funds,—and the better practice is to provide that checks therefor be signed by him and countersigned by the President (§173) or other officer indicated in the by-laws for such purpose.

Ordinarily it is provided that he shall be one of the officers of the company who sign stock certificates and evidences of indebtedness, such as notes, bills of exchange, etc.

Furthermore it is generally provided that he shall give a bond to the company for the faithful performance of his duties; this being required in addition to his stock deposit as director if he is such. (§134.) The amount of this bond is at times fixed in the by-laws or stockholders' resolution; at other times the directors are authorized to require same and to fix the amount thereof. Where this authority is granted to the board of directors, it is probable that they will be held responsible for any losses resulting from the failure to exact same, under their general obligation to exercise "customary diligence" in the management of their agency for the company (§155.)

§177. The General Managers.—While, as already stated, the management of the affairs of the company, may be placed upon one or several of its "officers" (§172), it is customary to limit these officers to the general powers already indicated, and to provide specially for a "General Manager," possessing such power and duties as may be desired, or as these are provided for in the by-laws. (§170.)

It is generally provided that such general manager shall have power to—

1. Manage the business undertakings of the company in accordance with the instructions of the board of directors.

2. If the Treasurer is not authorized therefor, then the manager may be given power to receive moneys due the company, and to deliver same to the Treasurer, or deposit same in the bank to the credit of the company.

3. He is sometimes given authority to represent the company before administrative authorities, and before the courts.

4. He is usually authorized to exercise general control over the employees of the company, making contracts of

employment, fixing their duties, obligations and compensations.

5. He is usually authorized to sign letters in the name of the company, and to execute for it, with the special authority required therefor in special cases, or under the general authority granted to him, the contracts of the company,—the sum involved in the contracts he may execute under his general power being sometimes limited.

6. He is to carry out the resolutions of the stockholders or board of directors, when so directed.

§178. Managers for Different Purposes.—It is usual in some classes of corporations to provide for various managers; for example, a general manager, who shall have control over the affairs of the office of the company, including the employees of such department; and a “factory manager,” with similar powers over the manufacturing department, if the company be engaged in a manufacturing enterprise.

In short, the stockholders may create such managers, possessed of such powers, as they desire.

§179. Qualifying of Managers.—Managers need not be stockholders unless so required by the by-laws. Neither does the law require them to effect deposits of stock as a guarantee for the faithful performance of their duties, although (Art. 180) where such deposits are required by the by-laws, articles or resolutions, same shall be effected in the manner prescribed for qualifying directors and examiners. (§134.)

§180. Compensation of Managers.—This, as in their appointment, is usually left to the board of directors, and unless restricted, such body will have authority to exercise its judgment in fixing same.

§181. Uniting Officers and Managers.—The various duties of officers of the company may be united in one person if

so provided by the articles or by-laws; and provision may likewise be made for uniting the post of manager or managers, with the other offices.

§182. Responsibility of Managers.—The responsibility of the managers as agents shall be regulated by the ordinary principles of law. (Art. 197.)

This responsibility is identical with that of directors, with the exception of the liability incident to the special duties of the latter to the company, exacted by law. (§149.)

§183. Power of Manager May Be Revoked.—The management of corporations is temporary and may be revoked. (Art. 187.)

Where the managers have been appointed by the board of directors, they may be deprived of their duties at any time, and their appointments may be revoked; or the directors may revoke such appointment with or without the authorization of the stockholders, unless the latter have otherwise provided. Equally, any or all of the powers of the managers may be taken away, and the manager may be forced to act entirely within express authorization from the directors or stockholders.

§184. The Examiner.—This officer (Comisario) and his duties appears to be peculiar to civil law countries, the majority of such countries providing therefor in their corporation laws.

The articles of incorporation must provide for such an office; and may provide for various examiners.

Quite frequently provisions are made for a regular examiner as well as for an alternative, as in the case of the board of directors, already cited. (§126.) In this case, provisions should be made as to when the alternate shall exercise the powers of the office.

§185. Duties of the Examiner.—The examiners must be stockholders, and their duties, in a general way, are to safe-

guard the interests of the general stockholders as opposed to the directors, managers and all others. They are the "caretakers" or "vigilance officers" of the company, without other powers, and can make no contracts nor can they exercise any administrative or executive authority over its operations except in the calling of stockholders' meetings when they consider such action necessary. (§279.)

§186. Examiners Possess Unlimited Right of Vigilance.—

The examiners have unlimited right of vigilance over the operations of the company. Whenever they may desire, they shall be permitted to examine the books, correspondence, minutes, and in general, all the notarial documents and papers of the corporation; in consequence, the shareholders cannot exercise these powers themselves. (Art. 199.)

It is probable that under the "unlimited right of vigilance" the examiner may attend meetings of the board of directors, though, of course, not being a member of such body, he would have no voice in its actions.

§187. Examiners May Call Stockholders' Meetings.—In order that the rights of stockholders may not suffer by reason of failure of the board of directors to call stockholders' meetings when necessary, the examiner is empowered to call them (Art. 204), either in ordinary,—that is, for set meetings,—or in extraordinary meetings. (Art. 202.) (§277.)

The law does not require that he call same upon application of stockholders; but if such legal request (§281) should be made to the directors and they failed to respond thereto, the examiner would probably be held liable for any injury to the company resulting from his neglect to call same if stockholders should so request him, under the general rule of responsibility which attaches to his obligation to properly perform the duties of his office.

§188. Examiners Must Examine Yearly Balance Sheet.—

The examiners must examine the yearly balance sheet pre-

pared by the directors (§142) and for this purpose the directors shall deliver same to the examiner each year, so that he may make its verification, and for the purpose of presenting to the stockholders' meeting the result of his labors, with any proposals which he may deem fit, accompanied by the necessary explanations and demonstrations (Art. 199), which the law requires of him.

§189. Appointment of Examiners.—The examiners can only be appointed or elected by the stockholders, although, in organizing the company, the articles may designate them for the first term, as in the case of directors. (§131.) (Art. 189.)

Like directors their term of office may be fixed by the articles or by-laws; and likewise their charge is temporary and may be revoked. (§124.)

§190. Filling Vacancy in Office of Examiner.—The vacancies in the office of examiners shall be filled in the manner prescribed in the by-laws; but in no case will stockholders be permitted to provide, either in the by-laws or articles of association, that such designation be made otherwise than by virtue of election by stockholders at a meeting thereof. (Art. 198.)

§191. Re-Electing Same Examiner.—And it is further expressly provided that corporations shall not provide that examiners may not be re-elected; and that any provision to the contrary is void. (Art. 198.)

§192. Qualifying of Examiners.—Like directors, and in the same manner (§134) the examiners, before entering upon the discharge of their duties, must deposit the number of shares of the company's stock which are prescribed by the by-laws as a guarantee to the company for the faithful performance of their duties, and this deposit will be evidenced in the same manner as with directors. (§137.)

§193. Responsibility of Examiners.—As examiners possess no rights to effect contracts or conduct other operations in the name of the company, but are restricted to vigilance over its affairs (§185), their responsibility will depend solely upon the manner in which they exercise such vigilance.

The extent and effect of this responsibility is regulated by the precepts establishing that of the board of directors (Art. 200) in so far as these are applicable. (§149.)

In short, they must faithfully perform the duties incident to their office, and are liable for all damages or losses and are also criminally liable for frauds committed in their occasioned to the company for failure to perform such duties, office, whether in person or through connivance or conspiracy. (Art. 272, §150.)

As their office is to exercise vigilance over the affairs of the company, they may be held responsible for failure to report opportunely to the stockholders any illegal action of the company's officers which, through the exercise of the diligence they are accustomed to use in their own business (§155) they might have learned of, or which was known to them and should have been made known to the stockholders that they might take action for their protection.

The responsibility of examiners will be exacted by the stockholders in the manner provided for with reference to exacting responsibility of the directors. (§160.)

§194. Examiners May Hold and Vote Proxies.—While the law provides that directors may not hold or vote proxies (§164), it places examiners under no such disability, and they may therefore hold and vote them unless otherwise provided in the articles or by-laws.

§195. Compensation of Examiner.—This, as in the case of directors (§167), may be provided for in the by-laws; or may be left to the stockholders for allowance at their meetings. The latter form, in case of examiners, is usually adopted, and compensation is made commensurate with the labor

performed during the company year, or term of office. Where an "Alternate examiner" (§184) is created and exercises his office, provision for compensation is made for him. The law does not require that compensation be made to either, but leaves the question entirely with the stockholders.

§196. Termination of Examiners' Charge.—The trust of examiners may be terminated in any of the first five ways designated in connection with such termination of that of directors. (§165.)

It is probably not terminated, however, through the occurrence of the sixth condition set forth as applicable to directors, but in its stead through the conclusion of the liquidation; as the appointment of liquidators merely places the **management** of the affairs of the company under the control of other persons than the directors, and for the express purpose of liquidation; this should in no wise interfere with the power to exercise vigilance on the part of the examiners, as the need for such vigilance continues as long as the company exists; and this continues to exist until the last act incident to its liquidation has been performed. The law is, however, silent on this subject.

CHAPTER IX.

THE RESERVE FUND.

- §197. The Sixth Requirement of the Contract.
- 198. Creation of the Reserve Fund and Its Amount.
- 199. Duty of Directors To Set Aside Reserve Fund.
- 200. Diminishing Reserve Fund.
- 201. Re-Establishing Diminished Reserve Fund.
- 202. Diminishing by Dividend Distribution.
- 203. Of What Reserve Fund Shall Consist.

§197. The Sixth Requirement of the Contract.—The sixth requirement as to what the articles must contain is (Art. 95):

“VI. The amount of the reserve fund in companies divided into shares * * *.”

§198. Creation of the Reserve Fund and Its Amount.—For the purpose of keeping and maintaining corporations on a sound basis, the law requires that from the net profits of its operations there must be set aside yearly a portion which shall not be less than five per cent (5%) thereof, to constitute a reserve fund, until such fund may aggregate at least one-fifth of the capital stock of the company. (Art. 214.)

The law merely provides a minimum per cent of profits to be so set aside to form the reserve fund, but the incorporators may provide for a larger amount; or they may stipulate as by law for such minimum, and reserve to the directors or to the stockholders the right to set aside a larger sum.

What has just been said as to the proportion of profits to be set aside, is equally true in relation to the total amount which shall be thus accumulated in such fund.

The amount to be so accumulated is to be computed upon the entire authorized capital stock, whether same represent cash, good-will, goods, property, or promoters' interest and whether fully paid or only partly paid into the treasury of the company. A decrease in the capital stock will effect a corresponding reduction in the amount required for the fund.

Provisions within such legal limitations **must** be made in the articles; it is usual to confine same merely to the requirements of the law as cited.

§199. Duty of Directors to Set Aside Reserve Fund.—As the officers and directors are liable equally to minority and majority stockholders for enforcing the law applicable to corporations, they should see that the reserve fund is properly set aside and maintained, when submitting their yearly balances (§142); and it is the duty of the examiner to likewise see that the directors perform this obligation. (§185.)

§200. Diminishing Reserve Fund.—The reserve fund may be diminished through special circumstances, as, for instance:

1. Loss;
2. Purchases of company's own stock therefrom (§109);
3. A distribution to stockholders of more than the profits under certain circumstances. (§212.)

§201. Re-Establishing Diminished Reserve Fund.—But when diminished through any circumstance whatsoever, it shall be again reformed in the same manner as in the first instance. (Art. 214.)

§202. Diminishing by Dividend Distribution.—As will be seen (§212), under certain circumstances and for a period not exceeding five years, the articles may provide that stockholders shall receive an "interest" not in excess of six per cent (6%) per annum upon their shares; though in such cases the amounts so paid shall be considered as forming a part of the expenses of the organization of the company. And therefore if the profits should only equal, or should fail to equal the sum to be so paid during this period, the fact that nothing is then set aside for the reserve fund, would be no violation of the law.

§203. Of What Reserve Fund Shall Consist.—It hardly appears necessary to so state, but for the purpose of setting forth the subject completely, it may be noted that the reserve fund need not be retained by the company in cash, but it will be sufficient if same appears as existing in the assets of the company, whether in cash or other forms of property. The property belonging to the company, when all other assets have been distributed as dividends, and liabilities allowed for, will show a net balance in its favor of its original capital, plus the sum of the reserve fund then on hand.

CHAPTER X.

DISTRIBUTION OF PROFITS AND LOSSES.

- §204. The Seventh Requirement for the Contract.
- 205. Distribution of Losses.
- 206. Distribution of Profits.
- 207. Directors May Distribute Profits.
- 208. Anticipated Profit Distribution.
- 209. Form of Profit Distribution.
- 210. Notice of Declaring of Dividends.
- 211. Effecting Payment of Dividends.
- 212. Guaranteed Dividends or Interest Bearing Stock.
- 213. Unclaimed Dividends.

§204. The Seventh Requirement for the Contract.—The seventh requirement as to what the articles must contain is (Art. 95) :

“VII. The manner and form of making the distribution of losses and gains which correspond to the members of the corporation.”

§205. Distribution of Losses.—The shareholders are only responsible to the extent of their shares (Art. 163) and for this reason no other provision need be made in the contract or articles than that the losses shall be taken from the profits, reserve fund or capital of the company as they may or may not suffice therefor each in its turn; and that the stockholders' liability is limited to their shares. An omission to so state would not lay the stockholders liable for greater obligations to third persons having dealings with the company, except possibly where the contract has been judicially declared void at the instance of a stockholder under his right to do so when the contract omits any requisite as to the subject matter to be covered thereby. (§18.)

§206. Distribution of Profits.—Corporations cannot distribute to their shareholders more profits than those appearing in the general balance sheet as having been obtained for their benefit. (Art. 213.)

The difference between the total net assets of the company after allowing for general outstanding liabilities and the capital which it has received, either in cash, merchandise, good will, goods or properties (and excluding the stock which has been issued as “promoters’ stock” (§84), with no pretenses of value), and in addition to the latter, any reserve fund previously set aside, is the net profits of the company for any period. The question therefore is as to the manner of disposing of such profit.

As the law exacts the setting aside out of the profits the part which corresponds to the reserve fund (§198), the articles should state to begin with, that such part should first be set aside. Where provisions are to be made in the by-laws for directors (§167) or examiners’ (§195) compensation, based upon the net profits of the company, the articles should then provide that such fees should then be set aside for them.

Having thus arrived at the net amount of profits amenable to distribution among the stockholders, the manner for doing so and the amount to be distributed in dividends should be stipulated. Ordinarily this is left to the stockholders at their meetings, except where preferred stock is created.

§207. Directors May Distribute Profits.—But there is no requirement imposed by the law that profits can only be decreed and paid through action of the stockholders; and the latter may if they so desire, grant this power to the directors, either in the articles or under by-law provisions.

§208. Anticipated Profit Distribution.—Indeed it is not at all uncommon to authorize the directors to declare anticipated or intermediate dividends when they consider such

action fit and proper,—that is, to empower the board of directors to declare and pay dividends from the profits of the business year at any time during such period and without awaiting special authorization therefor from the stockholders at a stockholders' meeting. Such action is entirely legal where authorized by the articles, by-laws or resolution.

§209. Form of Profit Distribution.—Profit distribution as among stockholders need not necessarily be in cash; nor of all profits which may be legally subject to distribution, but as to what it shall be, may be left entirely to the stockholders. Even though there be profits amenable to distribution, the stockholders may determine to retain them in the company for its benefit, undistributed. It may defer their payment to a later designated date; or provide for their payment in installments. It may give its notes, with or without interest, in payment thereof. Or it may vote to increase the capital stock to absorb a part or all of such profits subject to distribution, and thus distribute the profits in stock dividends. In the latter case the proceedings to be followed will be those provided for all cases of the increase in the capital stock of companies. (§252.)

§210. Notice of Declaring of Dividends.—Stockholders are bound by the actions of a legal majority of the stock of their company, and must know of its legal proceedings. Therefore no notice of distribution of profits need be given to them unless same is required by the articles or by-laws. Even then a failure of such notice would not affect the liability of the company, but that of the officer or officers upon whom the duty of giving such notice may be imposed under the by-laws.

Nevertheless it is customary to provide in the by-laws that notice shall be given by means of publication, as to resolutions made in reference to such distributions, naming

the amount thereof as well as the time and place of payment.

§211. Effecting Payment of Dividends.—The Stamp Laws of Mexico require that stamped receipts be given for all moneys paid out, and,—when treating of “merchants,”—that they shall preserve such receipts. A commercial corporation is such merchant (§5) and as it is an entity separate from the members who compose it (§26), it must take receipts from its members in effecting cash dividend payments.

Where the stock certificates have been issued as “holder stock” (§99) such receipts would show the number of the share certificate and the number of shares represented thereby: when share certificates have not been so issued for such stock, a mere reference to the shares so held as shown by the stock-book (§100) will suffice. The possession and presentation of “holder” certificates is not required in order to collect dividends, as no one other than their registered owners will be entitled to any rights thereunder unless he shall have legally conveyed such dividends and advised the company thereof. (§102.)

With “bearer stock” the case is different, inasmuch as possession thereof conveys all rights. Therefore, such certificates must be presented to the company in order to collect the dividends thereon. The receipts given for such dividends should show the numbers of the certificates and the number of shares represented thereby. It is furthermore not uncommon to have such certificates printed with dividend coupons attached thereto, which may be detached when dividends are paid, for the purpose of avoiding questions as to whether such stock really received its dividend. A simpler way is the endorsement of the payment on the stock certificate by the company.

Shareholders shall never be obliged to return any dividends that they may have received. (Art. 213.)

§212. Guaranteed Dividends or "Interest Bearing Stock."

—While it has been said that corporations may not distribute more profits than obtained, among the stockholders, this is subject to certain qualifications, that is;—it may be stipulated in the articles or by-laws of the company that the shares, during a period not to exceed five years, shall draw a "rate of interest" not exceeding six per cent (6%) per annum. But in that case the amount of such interest shall be considered as forming a part of the expenses of such organization (Art. 213), and should therefore be charged to expenses rather than to dividends.

In this case it makes no difference whether such guaranteed "interest" is paid from profits, from reserve fund, or from the principal or capital of the company; and a right of action would probably exist in favor of the stockholder and against the corporation, for its failure to meet such interest; although it would probably be necessary, in order to fix such right of action, to cause a day of maturity to be fixed in the articles or by-laws.

Provisions for such "interest" on stock investments are unusual.

§213. Unclaimed Dividends.—It is usual to provide in the by-laws that dividends which have been declared but are not collected within a definite period counted therefrom, shall become prescribed in favor of the company and against such shareholder. The time generally fixed is five years.

CHAPTER XI.

FOUNDERS AND ORGANIZERS AND THEIR PROFITS.

§214. The Eighth Requirement of the Contract.

215. Founders or Organizers Defined.

216. Rights of Founders.

217. Manner of Providing for Founder Participation in Profits.

218. Liability of Promoters.

219. Sales of Shares Before Organization Completed.

§214. The Eighth Requirement of the Contract.—The eighth requirement which must be covered by the articles of incorporation is (Art. 95):

“VIII. * * * The part which founders or organizers in corporations * * * may receive from the profits and the manner in which they may receive the same.”

§215. Founders and Organizers Defined.—A founder or organizer is a promoter, who may or may not invest with the company other than his time and work. He is a person who, by his active endeavors, assists in procuring the formation of a company and in securing subscriptions to its stock; thus, through his help, the company is brought into actual being and existence. This requirement has only to do with the participation of such promoters by reason of their work of organization, and not with their subscriptions to stock which are to be paid for in any other manner. (§74.)

§216. Rights of Founders.—As to the corporation, the promoter's rights to compensation for services he may have performed, depends entirely upon his contract with it; and of course, it can affect no such contract until it has been legally created, except it be in the act of its creation.

The corporation may provide in its contract of organization the amount of compensation to be allowed to the promoter for his services; but it would appear equally true that provisions therefor may be effected after the organi-

zation is completed (except where stock is to be given as evidence of his rights) (§84) by action of the stockholders, or by the directors acting under express authorization of the stockholders. The corporation may, on the other hand, refuse to grant the promoter any compensation for his services.

In all cases the contract must provide as to whether or not the organizers or founders are to receive any part of the profits in consideration of their services; and in the event they are to receive same, then the basis thereof or the manner of fixing same should be clearly expressed therein.

§217. Manner of Providing for Founders' Participation in Profits.—While the ordinary manner of proceeding to give the promoter an interest in the profits of the company is through issuing "free stock" to him as already explained (§84), the law does not require this to be done; and while free stock will constitute a part of the authorized capitalization of the company, the interest of the organizer for his services in organization, need not be so capitalized. In other words, the contract of incorporation may provide, if it be so desired, that the interest of the organizer consist of a certain fixed part of the earnings of the company, to be paid during the entire life of the company or for a shorter period. In the latter case, certificates of stock will not be issued, but the organizers' rights will exist solely by reason of the contract itself.

For greater particularity as to the manner in which stock may be issued to promoter, reference is made to the treatment of "stocks" as given in this work. (§72.)

§218. Liability of Promoters.—Every operation effected by the founders of a corporation, with the exception of those that are necessary for its organization, shall be null and void with respect to such corporation, unless they be approved at a stockholders' meeting. (Art. 176.) As the

law fails to designate just what operations come within the provisions of being "necessary for its organization," the better practice appears to be to refrain from making contracts for the company until it has been legally organized and created, and that same be then effected under the authority of the stockholders or directors. (§121.)

§219. Sales of Shares Before Organization Completed.—

The sale or transfer of shares made by subscribers or founders of the corporation before it is legally constituted,—that is to say, before its articles have been executed and its directors designated or elected (§120),—shall be null and void. (Art. 177.)

CHAPTER XII.

DISSOLUTION BEFORE TIME FIXED.

§220. The Ninth Requirement of the Contract.

221. Grounds for Dissolution.

222. Dissolution Through Action of Stockholders.

223. By Resolution to Dissolve.

224. At Meeting Legally Called.

§220. The Ninth Requirement of the Contract.—The ninth requirement which must be covered by the articles of incorporation is (Art. 95):

“IX. The cases in which the company may be dissolved before the time fixed.”

The incorporators having fixed upon the term during which the company will continue to exist (§63), the law recognizes that it may become necessary to shorten its life, through the happening of unforeseen circumstances, or through the desire of the legal control of its stock. But it leaves to the stockholders the fixing of the conditions under which this may be brought about, merely indicating certain exigencies which may be provided for by them.

§221. Grounds for Dissolution.—Dissolution may, as previously indicated, be brought about by any stockholder in proper legal proceedings, when the contract of association has failed to conform in its contents, with the requirements of the law. (§17.)

Where the corporation has been legally constituted, it will only be dissolved upon the happening of some one of the causes enumerated in the articles of association thereof, or in case of bankruptcy, legally declared. It is usual, however, to enumerate this as a ground.

A corporation may be dissolved, when so provided by its articles, for any of the following reasons; or for any other which the incorporators may see fit to make as grounds therefor:

I. By the stockholders through proper resolution. (§222.)

II. By the expiration of the period for which the company was established.

III. By the loss of one-half of the capital, whenever the dissolution is approved at a meeting of stockholders, by a

vote of at least a majority of the shareholders representing one-half of said capital stock. (§223.)

IV. By the bankruptcy of the company, legally declared. (Art. 216.)

It is customary for corporations to provide in their articles for the above grounds as those for its dissolution.

§222. Dissolution Through Action of Stockholders.—Just as the organizers possess power to create the corporation, so may they or their successors, dissolve it. They may decree its dissolution for any reason or for no reason; and they may give such reason or not, as they wish, in the minutes of the meeting at which such action takes place.

§223. By Resolution to Dissolve.—But they must decide in favor of such dissolution through regular action, and unless legally taken, such action will have no effect,—it will be null and void. The by-laws should therefore provide the manner in which such action shall be taken; although in the event they fail to do so, the law has provided the proceedings therefor.

Unless the contract of incorporation or the by-laws provide otherwise, the representation of three-fourth parts of the capital stock, and the unanimous vote of the number of shareholders representing half of said capital stock, shall be necessary to dissolve the corporation before the time prescribed, except it should be done owing to the loss of capital stock, (Art. 206) as in the latter case such loss effects the dissolution without further action of any kind: the corporation having no further purpose for existing.

§224. At Meeting Legally Called.—And as no action can be taken by the shareholders at a meeting, except when legal call (§280) is made therefor, in which call has been included, a statement of the matters to be treated of at the meeting, this meeting at which such resolution is taken, must be as the result thereof, and the proceedings thereat should in all matters comply with the requirements for the holding of all meetings,—showing minutes legally executed (§297), etc. No other evidence than the minutes need be created in order to show such dissolution; no notarial document, such as required in the formation of the company (§22), being here necessary.

CHAPTER XIII.

LIQUIDATORS AND MANNER OF LIQUIDATING.

- §225. The Tenth Requirement of the Contract.
 - 226. Naming of Liquidators in Articles.
 - 227. Election of Liquidators.
 - 228. Who May be Named Liquidators.
 - 229. Obligations of Director-Liquidators.
 - 230. Liquidators Named by Court.
 - 231. Liquidation in Case of Bankruptcy.
 - 232. Responsibility of Liquidators.
 - 233. Obligations of Directors to Other Liquidators.
 - 234. Basis of Liquidation.
 - 235. Liquidators' Annual Balance Sheet.
 - 236. Publishing Liquidators' Annual Balance Sheet.
 - 237. Stockholders' Approval Annual Balance Sheet.
 - 238. Liquidators' Final Statement.
 - 239. Stockholders' Presentation of Claims to Liquidators.
 - 240. Stockholders' Meeting to Approve Distribution Among Stockholders.
 - 241. Effecting Payments to Stockholders.
 - 242. Liquidators' Disposition of Company Books.
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- §243. Summary of Law Governing Articles of Incorporation.
- 244. Need for Adoption of By-Laws.

§225. The Tenth Requirement of the Contract.—The tenth requirement which must be covered by the articles of incorporation is (Art. 95):

“X. The basis upon which the liquidation may be effected, and the manner in which the election of liquidators may be proceeded with, whenever they have not been provided for beforehand.

§226. Naming of Liquidators in Articles.—The law recognizes the right of the incorporators to name the liquidators beforehand,—that is, previous to the determination to liquidate the company,—in the articles of the company.

On occasions this may be advisable, but as a rule provision is merely made in the articles that a given number of liquidators shall be elected by the stockholders for such purpose, when the liquidation of the company has been determined upon by them.

§227. Election of Liquidators.—When the dissolution of a corporation is determined upon at a meeting of the stockholders (§222), the appointment of liquidators should be made; and if this is not done, the judicial authorities shall appoint them when requested so to do.

The appointment of liquidators ought always to be made by the stockholders, and preferably by resolution to that effect, passed at the meeting in which the dissolution and liquidation is determined upon. The stockholders may, however, name the liquidators at a later meeting. The call for the meeting should therefore show that the designation of liquidators is among the order of the proceedings thereof. (§285.)

Where no liquidators are named by stockholders or by the court, the directors and managers would probably possess sufficient power and authority to do so, the stockholders having authorized the liquidation.

§228. Who May Be Named Liquidators.—Any person having legal capacity to contract (§36) may be named as liquidator; and it is not required that he be a stockholder of the company.

The liquidation may be entrusted to one or to several liquidators; and the stockholders may confer upon them distinct duties which they are individually to perform in connection with the liquidation; such as to fill the offices of President, Vice-President, Secretary and Treasurer of the Committee of Liquidators.

Where one or more directors are appointed as liquidators, the law requires certain specific publicity as to their previous acts which are not otherwise required.

§229. Obligations of Director-Liquidators.—When one or more directors are appointed liquidators, the accounts of the directors, during the period comprised from the last balance sheet approved by a meeting, and the opening of the liquidation (Art. 219), shall be given in two or more newspapers published in the domicile of the corporation, together with the final balance sheet of the liquidation; but if the latter comprises a period beyond the corporation year, the accounts mentioned must be annexed to the first balance sheet that the liquidators shall present to a general meeting of shareholders. (Art. 220.)

§230. Liquidators Named By Court.—When the stockholders have neglected or failed to agree as to who shall be named as liquidators, the court will appoint them, upon application. For this purpose the stockholders may authorize some person to make such application, or may permit this to be done by the officer having power to represent the company before the courts. (§170.)

No provision is made as to the person or persons who shall take such steps in the event the officers or persons designated should fail to do so, but it is probable that either the examiner (§184) or an individual stockholder would then have the right so to do; at least, the examiner might call a new meeting of stockholders to elect the liquidators, or to appoint some one to appear before the courts to request them to do so.

The application should be presented to the court having jurisdiction over the domicile of the company as indicated in its articles of incorporation.

§231. Liquidation In Case of Bankruptcy.—Where bankruptcy is legally declared,—such declaration being made by a court on application of the company or of the company's creditors,—the court will appoint a receiver for the company, independent of the desires of the stockholders; and the entire control of its affairs will then pass into his

hands, subject to being administered by him in accordance with law, under the directions of the court. For this reason the rights and duties of the stockholders, directors, managers and examiners, are in suspense (Art. 1023); unless liquidators have been named by the company, it is in the hands of its executors. The stockholders are then merely unpreferred creditors for their investments therein, and are entitled to the return of their money,—or that part which may correspond to them,—in the lowest grade of creditor participation in its assets and only after all its other creditors, general or preferred, as well as the costs of such bankruptcy proceedings, have been liquidated out of the assets of the company.

§232. Responsibility of Liquidators.—The liquidators, being agents of the corporation for the specific purpose designated, will be held responsible for their act upon the same principal as other agents (§152); that is, they must faithfully perform their duties; and for a criminal breach thereof, they are liable for damages and losses resulting therefrom, and criminally responsible for penally violating or eluding the resolutions of stockholders, the company's agreement or the provisions of the law relative to companies.

§233. Obligations of Directors to Other Liquidators.—Where the liquidators named are other than directors, the latter shall present to the former for their approval the accounts of the board covering the period comprised from the last balance sheet (§142) which was approved at a meeting of stockholders, and the opening of the liquidation.

§234. Basis of Liquidation.—The articles must provide the basis of the liquidation which shall serve as a guide for the liquidators. The nature of the liquidation being generally to realize upon the assets of the company and distribute the proceeds thereof among the creditors of the company and its stockholders, this is the basis for liquidation.

Where the capitalization of the company includes free or other stock which does not participate in the distribution of the assets of the company in the event of dissolution (§85), reference to this fact may be properly made in fulfilling this requisite of the law, although the designation of the rights of the stock in the matter of the capitalization, will suffice.

As the liquidators possess no powers in the management and handling of the affairs of the company unless these are expressly stipulated in the articles or provided for by stockholders resolution, provisions are ordinarily made that the liquidators shall convert the assets of the company into cash through the sale of its properties and collection of its credits, and that from the funds so realized they shall pay, as far as these funds will permit and in their order (1), the expenses of administration under the liquidation proceedings; (2) the preferred claims and obligations of the company; (3) the general unpreferred liabilities of the company; (4) and the remainder, if any, shall be distributed equally (or upon any other basis of rights possessed by the stock under the articles of incorporation) between the owners of its stock, according to the stock outstanding and owned by them.

§235. Liquidators' Annual Balance Sheet.—If the liquidation lasts one year, the liquidators shall make up the annual balance sheet, in conformity with the prescriptions of the law and of the by-laws. (Art. 221.)

§236. Publishing Liquidators' Annual Balance Sheet.—As the company continues in existence until after the company has been completely liquidated, it will be necessary for the liquidators to publish the yearly balance sheet which the law requires of it. (§142.)

§237. Stockholders' Approval Annual Balance Sheet.—As to whether or not non-director liquidators must present

their annual balance sheet to the stockholders, does not clearly appear, although this is evidently the intention of the law, in that same is required of director-liquidators (§229). The better practice would therefore appear to be the calling of a stockholders meeting by the liquidators or examiner (§187) at the end of each social year of the company, when the liquidation is not previously concluded, for the purpose of submitting such balance sheet to the approval of the stockholders. As the examiner if elected to fill office until his successor is elected and qualified, will continue as the only one with authority under the organization to call meetings, he should be notified by the liquidators for such purpose; but if no such functionary exists, because of lapse of term, then the liquidators might call same. However, the law is very inadequate in covering this subject.

§238. Liquidators' Final Statement.—When the liquidation shall be completed,—that is, when all of its assets have been reduced to money and the company debts paid,—the liquidators must make out the first balance sheet, stating the portion, if any, which corresponds to each share of stock in the distribution of the remaining capital, and such balance sheet shall be published by them for thirty consecutive days in one or more newspapers issued in the domicile of the corporation. (Art. 222.)

§239. Stockholders' Presentation of Claims to Liquidators.—The shareholders, within fifteen days after the last publication of the liquidators balance sheet mentioned above, must present their claims to the liquidators. This presentation should naturally be of the stock certificates held by the shareholders, as these will, in the case of bearer shares, constitute the proof of a right of participation in the shareholders portion of the assets of the company. Where shares have been issued to "holder," the presentation thereof will not be so essential, as the proof of ownership will appear in

the stock book (§100) of the company. A communication addressed to the liquidators, detailing the rights of participation of the shareholder and requesting the allowance thereof, should be presented in all cases.

A failure to present such reclamation within the time fixed by law, may exclude the shareholder from all rights of participation in the distribution of its assets, or to have their rights passed upon at the meeting of stockholders, held for such purpose. (§240.)

§240. Stockholders' Meeting to Approve Distribution Among Stockholders.—At the expiration of the term for the presentation of the claims of stockholders for participation in the remaining assets of the company, a meeting thereof must be called (§239) which shall pass upon the respective rights of such stockholders, by a majority of votes, each share to have one vote. (Art. 222.)

These proceedings should appear in the minute book of the company in the same manner as the minutes of all other meetings. (§297.)

After the holding of the meeting mentioned in the foregoing article, whether there have been no claims presented, or whether they have been acted on by the meeting, the final balance sheet shall be considered as approved, the responsibility of the liquidators to remain in force, concerning everything that pertains to the distribution of its capital stock. (Art. 223.)

§241. Effecting Payments to Stockholders.—The distribution among shareholders having been approved at a meeting, the liquidators may proceed to pay to them that which is due them from the remaining assets of the company.

The amounts due the shareholders which have not been demanded of the liquidators within two months after the day when the balance sheet is considered to be approved, shall be deposited by the liquidators in some banking establishment which may have been designated by the stockholders for such purpose, or selected by the liquidators,

being placed to the credit and in the name of the shareholder, if the share was in his name; or to the number of the share, if made out to bearer. Said amounts shall be paid by such banking establishment wherein the deposit may have been made, to the person named, or to the bearer of the share. (Art. 225.)

§242. Liquidators' Disposition of Company Books.—Upon the conclusion of the liquidation and having effected the deposit above named, the liquidators will complete their charge through the deposit of all of the books of the company in the office of the Public Register of Commerce. (§315.)

§243. Summary of Law Governing Articles of Incorporation.—It has been the endeavor to set forth as fully as possible, the law governing the contract of association or articles of incorporation, in order, not only that the law may be known, but, to a certain extent, the reasoning thereof; as well as to put this before the reader in such a way, that, should he consult this work for the purpose of formulating a plan for the organization of a company, he may avoid the pitfalls of omission as well as commission; and so that he may know the better just what the law permits him to do, and how this should be accomplished.

Care should be taken to see that the articles conform with the requirements of the law, within the limits laid down; to fail in this may lead to serious consequences.

The remainder of this work treats of other matters of corporation law than the making of the ordinary contract for the formation of Mexican corporations.

§244. Adoption of By-Laws.—The law requires that provision be made in the articles for the adoption of by-laws (§262); and while this should be done, failure thereof will not render the contract void, as is the case in the handling of the ten requirements enumerated. (§18.)

CHAPTER XIV.

AMENDING ARTICLES OF INCORPORATION.

- §245. Classes of Amendments.
- 246. Must Be by Notarial Document.
- 247. As To Third Parties.
- 248. Increasing Capitalization.
- 249. Authorizing Increase.
- 250. Stock Dividends.
- 251. Increasing Through Outside Capital.
- 252. Amendments Other Than for Increase of Capital.
- 253. Proof to Notary of Authorized Amendments.
- 254. Stockholders' Meetings for Adoption of Amendments.
- 255. Attendance and Affirmative Voting Required for Amendments.
- 256. Where Quorum Not Present at First Meeting for Amendments.
- 257. Contract Provisions Covering Quorum, Voting and Second Meeting for Amending.

§245. Classes of Amendments.—Amendments to articles of incorporation, in so far as concerns the ultimate form which they take in order to become effective, are of two kinds:

1. Those which require an entirely new contract, containing all the requisites of the original contract of incorporation. (§17.)
2. Those in which changes only are reduced to contract.

§246. Must Be By Notarial Document.—Any amendment in, or addition to the contract for the formation of a company, shall be effected with the same formality as prescribed for the execution of the original agreement of association (Art. 94), and this formality, as shown in treating of the original contract is that it must be contained in a public or notarial document. When it is made in any other form between the associates, it shall produce no legal effect. (Art. 93.) (§11.)

§247. As to Third Parties.—The omission of this requisite cannot be alleged as a defense against a third party who may have entered into a contract with the company. (Art. 96.)

§248. Increasing Capitalization.—The only occasion upon which the law requires that an entirely new contract be formed in the same manner as the original, and the complying, in its contents, with the provisions therefor, is when it is resolved to increase the capitalization of the company, and such resolution is carried into effect. (Art. 207.)

These proceedings do not cause the company to go out of existence, or is a new corporation created thereby; the new document merely states the conditions of the contract anew for the benefit of those who acquire its increased capitalization. It admits the new capital on the same basis as existed between the old stockholders, or on any different basis which may be agreed upon. At the same time the old stockholders may authorize and effect any other modifications which they may desire in their articles.

§249. Authorizing Increase.—Pursuant to resolution legally adopted at a meeting of stockholders, they stipulate the conditions under which the new capitalization will be added to the existing capitalization, and at the same time authorize some person, named in connection with the resolution, to execute the contract on behalf of the corporation.

§250. Stock Dividends.—The increase of capitalization need not, necessarily, mean the bringing into the coffers of the company, money not already existing therein; for it may mean the absorbing into the capitalization of the company, profits already earned but not yet distributed in the shape of dividends, thereby increasing the funds owned by the company and issuing in exchange therefor the new stock certificates of the company to the owners of the exist-

ing stock of the company. In this case, as there is an agreement between the stockholders to take such stock in payment of their participation in its undivided profits, their individual interests therein must be made to appear, and they must each execute the new contract.

§251. Increasing Through Outside Capital.—By this is meant, capital which is not already owned by the company, including its original capitalization and undivided profits. It makes no difference whether this new capital be brought into the company by its present stockholders, or by an entire stranger to the company,—the proceedings will be the same.

A resolution to increase the capitalization of the company is not an increase thereof; it is merely the authorization to do so. For this reason such a resolution may be adopted at any time, even before it is known that the company will be able to secure same,—in fact even before the stockholders know or can form an idea as to the source from which it is to secure same.

Where the source of the new capital is known, the resolution may define the proposition; the names of the purchasers to be of such increase, and the amounts to be subscribed by each of them. It will then give the proper authorization for the execution of the contract on behalf of the corporation.

Where the source of such new capital is unknown, such general authorization may be granted, to take effect when subscribers are secured therefor.

In all cases the resolution should show the rights which are to be granted to the new stockholders under the contract. The notary before whom the amendment is executed (§24) will collect the government tax upon such increase. (§28.)

The company will issue its stock certificates for the increased capitalization. (§68.)

§252. Amendments Other Than for Increase of Capital.—The other matters to which the articles are susceptible of change by amendment, to effect which it is not required that the articles be entirely redrafted into a new contract, are (Art. 206):

1. To extend its duration.
2. To consolidate with other corporations.
3. To reduce its capital.
4. To change the object of the corporation.
5. Any other modifications in the articles.

These modifications must be authorized by the stockholders in order to be effected, and some one must be given power, in like manner as when treating of the increase of the capitalization of the company (§22), to execute the public document therefor.

§253. Proof to Notary of Authorized Amendments.—The minute book (§298) of the company, in which the resolutions for amendments appear, will be presented to the Notary Public (§24) before whom the document is to be executed, and he will then formulate such amendments therefrom, with the necessary reference to the meeting, as well as to the resolution passed, spreading same upon his books of protocol (§22) where the interested parties will execute same; after which the Notary will issue his certified copy of such record, which must then be registered. (§315.)

§254. Stockholders' Meetings for Adoption of Amendments.—The meeting of stockholders for the adoption of amendments to the articles or by-laws should be called in the same manner as meetings for all other purposes. (§280.)

§255. Attendance and Affirmative Voting Required for Amendments.—While the stockholders may agree, either in their articles or by-laws, as to the number of shares of stock

which must be represented at a meeting for the purpose of effecting amendments, and the number of such shares which must vote in favor of amendments in order to carry the resolution therefor, the law makes provisions covering these matters for cases in which such subjects have not been covered by these contracts.

Unless the contract of incorporation of the by-laws provide otherwise, the representation of three-fourths parts of the capital stock, and the unanimous vote of the members or shareholders representing half of such capital stock shall be necessary to pass the indicated resolutions for the amendment of the articles of incorporation or by-laws. (Art. 206.)

§256. Where Quorum Not Present at First Meeting for Amendments.—Where a quorum is not present for the purpose of holding a stockholders' meeting, and in response to the first call (§292) therefor, the law provides that a second call shall be made, and that thereat the points stated in the day's proceeding shall be resolved, whatever may be the portion of the capital stock represented by the shareholders present. (Art. 204.) (§293.) Whether or not this law is applicable to cases where the articles or by-laws are to be amended, is a question which is unsettled, some contending for and others against the power of a minority of stockholders to adopt such amendments at a second meeting called because of the failure of a quorum in response to the first call.

However this may be when the amendments are to be perfected under the law, the organizers and stockholders undoubtedly have the right to provide in the articles, as well as in the by-laws of the company, in respect both to the number of shares which shall be present and shall vote affirmatively on the adoption of amendments, as well as that, no matter what may be the number present on the second call after default of a quorum at the first meeting, they may determine the question of the adoption of amendments. It is

therefore the better practice to give such second meeting this power, and to make provisions therefor in the by-laws.

§257. Contract Provisions Covering Quorum, Voting and Second Meeting for Amendments.—It is usual to use the phraseology of the law (§293) as regards the attendance and affirmative votes to be cast on amendments, at the first meeting of stockholders for such purpose; a failure to make provisions covering the point will, however, compel such amendments to be adopted in the form provided by the law for such cases. Should any other basis of representation and affirmative voting be desired, this must be clearly set forth in the articles or by-laws.

CHAPTER XV.

THE BY-LAWS.

- §258. Defined.
- 259. Effect of By-Laws.
- 260. Effects of Resolutions.
- 261. Necessity for By-Laws.
- 262. Requirements of Law That They be Adopted.
- 263. By-Laws May be Set Forth in Articles.
- 264. What By-Laws May Contain.
- 265. Stockholders and Stock.
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- 267. Administration of the Company.
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- 270. Dissolution and Liquidation of Company.
- 271. Amending Articles and By-Laws.
- 272. Additional Provisions.
- 273. Adoption of By-Laws.
- 274. Legalizing By-Laws.
- 275. Amending By-Laws.
- 276. Form of By-Laws.

§258. Defined.—By-laws are the system of rules and regulations which a corporation, as one of its legal incidents, has power to make, and which power it usually exercises to regulate its own action; they concern the rights and duties of its members among themselves.

§259. Effect of By-Laws.—By-laws, unlike the articles of incorporation, do not as a rule concern third parties or those who are not its stockholders, officers or employers, except, under certain conditions, when contracting with the company with knowledge thereof.

What the constitution is to a state, its charter is to a corporation; what acts of the legislature are to the citizens of a state, the by-laws of a corporation are to its stockholders. A valid by-law is as much a law of a corporation as the charter is. It is an act of private legislation, and, when properly adopted, and not contrary to law and public policy, is bind-

ing upon the corporation and its members, however inconvenient its effects may be. Thus it has been said that the by-laws of a corporation, made in pursuance of its charter (or law) are clearly as binding on all its members as any public law of the state. (Boisot on By-Laws 3.) If made contrary to the articles or law, the by-law is "unconstitutional," and therefore void.

§260. Effects of Resolutions.—This may also be said of resolutions, where adopted in conformity with the articles or by-laws, whether they be adopted by the stockholders or by the board of directors within the scope of power conferred upon them in the articles or by-laws.

§261. Necessity for By-Laws.—A corporation should, therefore, in all cases, adopt a set system of rules for the regulation of its own action and the duties of its members among themselves; and while such regulations may take the form of resolutions by stockholders or directors at their meetings, such procedure is clumsy and subject to many objections. On the other hand, exceptional cases may arise in which by-law provisions are neither necessary nor advisable, and such matters should be left to be governed by resolution.

§262. Requirements of Law That They Be Adopted.—The law provides that the by-laws of corporations shall be approved at the first general meeting of stockholders, to be called in the manner prescribed in the articles of incorporation. (Art. 175.)

This law is merely directory,—that is, it is indicated as advisable,—and is not mandatory, compelled by the law, with penalties attaching for failure to conform thereto.

In fact, it is deficient in that it fails, at least in a great part, to state what must be covered thereby. But it goes further, and provides in many cases, as already shown, that in the event the articles or by-laws should fail to make provisions concerning certain matters of regulation, then they shall be governed by the law as therein stated. Where such

provisions are made by law, the stockholders may incorporate them into their by-laws; may modify and change them therein if permitted; or may make no mention thereof, when provisions of law will govern in such matters.

But even where it is desired to adopt the exact provisions of the law, it would appear best to incorporate them into the by-laws, thus presenting the regulations of the company in compact form.

§263. By-Laws May Be Set Forth in Articles.—As the necessity for the adoption of by-laws is merely directory (§262), it stands to reason that they may be included in the articles of incorporation if desired; but this would be as clumsy as including all laws thought of at the time, into the constitution of a state. For that reason only the fundamental principles of the organization are set forth in articles and constitutions, and the remainder of the law is left to be handled in the easier form of by-laws and resolutions, etc., where these may be revoked when desired without great difficulty.

§264. What By-Laws May Contain.—They may contain provisions covering any matter having to do with the status of the stockholders and officers in their relations one with the other; they must not be contrary to law or to the articles of incorporation of the company. It is usual to provide therein:

§265. Stockholders and Stock.—

1. a. As to who shall be empowered to sign the stock certificates of the company.

b. The rights and obligations of stockholders other than those set forth in the articles, and whether or not mentioned in the law.

c. The manner of assessing and enforcing payment or assessments where stock is not fully paid.

d. The manner of procedure on the part of shareholders

for the purpose of securing reissue of stock certificates to cover those which have been lost.

§266. Stockholders' Meetings.—

2. a. The times for the holding of regular stockholders' meetings.

b. The manner of calling stockholders' meetings, and the person or persons empowered to effect the call therefor.

c. The necessary procedure, at least when the company issues bearer stock, for the stockholders to adopt in order to secure participation in stockholders' meetings.

d. The power of stockholders to be represented at meetings through proxies, and the form of such authorization.

e. Designation of the presiding officer for meetings of stockholders and directors and his powers.

f. The functions of the secretary at stockholders' and directors' meetings, and the manner of appointment of such functionary.

g. The manner of verifying the rights of stockholders who present themselves for participation in meetings.

h. The necessary stock representation to constitute a quorum in the first call.

i. Provisions that any stock representation will suffice as a quorum on second call, and the manner of effecting such call.

j. The right of adjournment to a later day.

k. Provision that only such matters as are treated in the call, may be treated of at the meeting.

l. Provisions for the exceptional case of stockholders bringing other matters before the meeting through notice of the company.

m. General powers of stockholders' meetings.

n. The votes conceded to stockholders.

o. The limitations of directors in the matter of holding proxies, and in voting to approve their own act and their balance sheets.

p. The manner of casting and recording stockholders' votes.

q. The number of affirmative votes required to pass ordinary resolutions.

r. The necessary attendance for treating of amendments to the articles or by-laws, and the number of affirmative votes required therefor.

s. That a second meeting, when composed of any number of shares represented, may resolve questions of amendments.

t. The effects on all stockholders, of resolutions of meeting.

u. The manner of executing the minutes of stockholders' meetings.

§267. Administration of the Company.—

3. a. The number of members of the board of directors and when there are substitute directors, the number thereof, and the conditions under which they are to fill the post of directors.

b. The number of managers, and the designation of their titles.

c. The officers of the company, and by whom to be appointed; and whether one person may hold more than one office.

d. Limitation of directors as to delegating their powers to others.

e. The stock deposit required of directors, and the manner of effecting same; this also as to managers, should it be desired.

f. The terms and conditions incident to the holding of directors' meetings, and their calling; the number necessary to constitute a quorum, and the place of holding such meetings.

g. The manner of voting, and the rights of the President to cast the deciding vote.

h. Whether or not directors shall give notice of their inability to attend meetings.

i. The manner of filling permanent vacancies.

j. Terms in office of directors.

k. The general powers delegated to the Board of Directors.

l. The responsibility of the directors.

m. The compensation of the directors.

n. The powers and duties of the President.

o. The powers and duties of the Vice-President or Vice-Presidents.

p. The powers and duties of the Treasurer.

q. The powers and duties of the Secretary.

r. The powers and duties of the Manager or Managers.

§268. The Examiner.—

4. a. The number of examiners, and when there are substituted examiners, the number thereof and the conditions under which they are to fill the post of examiners.

b. The terms in office of examiners and substitutes.

c. Limitations of examiners as to delegating their obligations.

d. The stock deposit required of examiners to qualify in office.

e. The general powers delegated to the examiners.

f. The responsibility of examiners.

g. The compensation of examiners.

§269. Distribution of Profits.—

5. a. The manner of computing business year for purpose of ascertaining yearly profits.

b. The manner of distributing gross profits over operating expenses, between reserve fund with provisions for deducting fees of directors and examiners and stockholders.

c. Power to directors to pay interrum dividends.

d. The duty of directors towards the reserve fund.

e. Provisions as to the use of the reserve fund.

f. Place and manner of effecting dividend payments and notice of the declaring thereof.

g. Disposal of unclaimed dividends.

§270. Dissolution and Liquidation of Company.—

6. a. Grounds for the dissolution of the company.

b. Selection of liquidators.

c. Rights of stockholders during liquidation.

d. Effect of naming liquidators as directors.

e. The general powers and duties of the liquidators.

f. Manner of presenting claims of stockholders for liquidation.

g. Approval by stockholders of acts and stockholders' distribution of liquidators.

h. Depositing uncollected distribution of assets corresponding to stockholders.

§271. Amending Articles and By-Laws.—

7. a. The manner of making amendments effective through notarial documents.

b. The attendance of stockholders required for such purpose.

c. The number of affirmative votes required.

d. The officer designated to execute same.

§272. Additional Provisions.—This plan merely supposes the case of a corporation formed for usual purposes and in the usual way. Proper provisions should therefore be made to cover any other form of agreement. This necessity may arise, for example, when consulting committees (§168) are to be provided for; or when rights are given to shareholders to exchange bearer stock (§94) for holder stock (§99), or in the reverse case; where different kinds of stock possess different voting rights, profit-sharing rights, and rights of participation in the company assets under liquidation, etc. The list of such unusual conditions are only limited to the inventive powers of the individual; and it will therefore suf-

face to say that they should be properly covered in the by-laws.

§273. Adoption of By-Laws.—The articles having provided the time and the place for holding the first stockholders' meeting (§392), or a call therefor having been issued (§280), the meeting having come to order under a temporary chairman (§302), and being found legally convened for the transaction of business, it should proceed to the adoption of its by-laws as the first matter of business, in order to lay a foundation for the action to be taken thereafter (§302).

The by-laws will, as a rule, have been previously drafted, and will be submitted to the stockholders for discussion, change and approval by a majority vote.

§274. Legalizing By-Laws.—In corporations formed under this plan, nothing more is required than that the by-laws be spread upon the minute book (§298), and signed by the proper officers of the company, as provided for therein, in the same manner as required for any other resolution adopted by the stockholders.

In proving the provisions of such by-laws in judicial proceedings, and before administrative governmental officers, the minute book is presented in evidence.

§275. Amending By-Laws.—Unless otherwise provided, the by-laws may be amended with the same stock representation, and the same affirmative vote, as in the case of amendments to the articles (§252). What has been said concerning the legalizing and proof of the original by-laws, applies equally to amendments thereto.

§276. Form of By-Laws.—A form of by-laws for ordinary corporations will be found in the appendix, which covers the points mentioned. (Form No. 10.)

CHAPTER XVI.

MEETINGS OF STOCKHOLDERS.

- §277. Classes of Meetings.
- 278. Times for Holding Regular Meetings.
- 279. Liability of Directors and Examiners for Failure to Call.
- 280. Manner of Calling.
- 281. Stockholders' Power to Force Calling of Meeting.
- 282. Publication of Call.
- 283. Effect of Failure to Publish Call.
- 284. Time of Publication of Call.
- 285. Order of the Day.
- 286. Form of Call.
- 287. Convening the Meeting.
- 288. List of Stockholders.
- 289. Examination of List of Stockholders Present.
- 290. Proving Ownership of Shares.
- 291. Where Stock Certificates Not Issued.
- 292. When Quorum Present.
- 293. When Quorum Not Present.
- 294. Issuing Second Call for Same Meeting for Failure of Quorum
Under First Call.
- 295. Proceedings of Stockholders' Meetings.
- 296. Passing Resolutions.
- 297. Minutes of Meetings.
- 298. The Minute and Other Books.
- 299. Legalizing Minute and Other Books of the Company.
- 300. Correcting Errors in Authorized Books.
- 301. What Stockholders' Minutes Must Contain.
- 302. Action at First Stockholders' Meeting.
- 303. Forms for Minutes of Stockholders' Meetings.

§277. Classes of Meetings.—Meetings of stockholders are either ordinary or extraordinary. (Art. 202.)

Ordinary or regular meetings are those which are designated in the articles or by-laws to be held at stated times.

Extraordinary meetings are such as are held at any time when deemed necessary, without having been previously designated by the articles or by-laws. They shall be held whenever called in conformity with the by-laws. (Art. 202.)

§278. Times for Holding Regular Meetings.—Ordinary meetings shall be held at least once a year, after the termination of the corporation year. (Art. 202.)

No penalty is affixed, however, for failure to hold such meetings; and no time is fixed other than that implied therefor: that it should be within the corporation year following; and, therefore, as to the company, such failure to hold the annual meeting will be without legal consequences.

§279. Liability of Directors and Examiners for Failure to Call.—As to the directors who are empowered with the calling of stockholders' meetings (§143), and as to the examiners (§187), whose duty it is to see that the directors fulfill the obligations of their office, with power to call meetings of stockholders, a liability will attach to them in favor of the stockholders for any injuries resulting from the failure of the former to call same, as provided by law, the articles or by-laws; as well as laying them liable to criminal prosecution, if the object of their omission has been to commit a penal violation thereof. (§193.)

§280. Manner of Calling.—The by-laws may specifically provide for the date for the holding of the stockholders' meetings, and may name the officer whose function it is to publish (§172) the call therefor.

Or the by-laws may merely provide that the meeting shall be held within a specified period each year, and that the board of directors shall designate same, together with the officer who shall publish the call therefor. In either case, such provisions should be carried out.

The call for stockholders' meetings shall be made by the board of directors or by the examiner. (§184.) (Art. 204.) Where the articles fix the date for the holding of the first stockholders' meeting, no other call is required.

§281. Stockholders' Power to Force Calling of Meeting.—The Board of Directors must call an extraordinary meeting

with at least one month's notice, when a petition for the call has been made by a number of shareholders, representing the third portion of the capital stock, and the points to be discussed at the meeting, have been presented in writing (Art. 209) by stockholders. (As to Examiners in such case, see §193.)

§282. Publication of Call.—The call to stockholders' meetings shall be made by the publication of a notice in the official journal of the state, district or territory wherein the corporation has its domicile (§54). The notice must contain a statement of the proceedings for the day, or of all the questions to be submitted for the deliberation of the meeting. Every resolution adopted in contravention of this article shall be void. (Art. 203.)

§283. Effects of Failure to Publish Call.—It will, therefore, be impossible for the shareholders to waive these requirements for the publication of the call, by mutual consent of all present at the meeting, or even by the consent of all stockholders: their acts are absolutely void and of no binding effect whatever on any one. For this reason care should be taken to effect the publication in accordance with the law and the by-laws, and to include therein every matter which may be desired to be treated of at the meeting.

§284. Time of Publication of Call.—No provision is made as to how many times the call should be published; and, except where the call is made in compliance with the request of a legal number of shareholders (§281), no provision is made as to the time which must intervene between the publication of the call and the holding of the meeting. It is, therefore, necessary to cover these points in the by-laws.

In practice it is usual to provide in the by-laws that calls for meetings which are made at the volition of the Board of Directors or Examiners, or in accordance with the by-laws, shall be published in one issue of the official journal on a

date at least ten calendar days before that set for the meeting. A greater or lesser period may intervene if the by-laws so provide; and these may also require several publications of the notice.

The first day of publication is generally excluded in computing the intervening time.

§285. Order of the Day.—The following matters shall be in order at general ordinary meetings,—that is, at the annual meetings and other meetings, the times for holding of which are fixed in the article or by-laws:

I. To discuss, approve, or modify the general balance sheet, after hearing the report of the Examiner.

II. To elect the members of the Board of Directors who are to serve.

III. To elect Examiners.

IV. To determine the remuneration to be paid to the members of the Board of Directors and Examiners, if it is not prescribed by the by-laws.

V. The other business indicated in the call for the meeting.

While the call for extraordinary meetings must specify completely the matters to be treated thereat, and no other question can be considered (§280), this is not the case as shown when the meeting is a regular one; as at such meetings nothing other than “other business” already mentioned, must be so specifically set forth. In practice, however, it is usual to insert in the call every matter which is to be given consideration, whether the law requires it or does not do so.

Provisions are sometimes made in the by-laws that special matters may be brought before meetings through action of stockholders in giving a certain notice thereof preceding the meeting. As the law is mandatory that only such matters as are set forth in the published call shall be acted upon, such provisions are without legal effect.

§286. Form of Call.—It is customary to show the right under which the meeting is called,—that is, whether it be by reason of by-law provisions, directors' authorization, or by stockholders' or examiners' call. It is furthermore customary to make reference to by-law requirement of deposits of bearer shares which are to be made in order to entitle their owners to participate in the meeting, when this kind of shares have been issued.

§287. Convening the Meeting.—The meeting having been called to order by the presiding officer (§173), the first act thereafter should be the production of copies of the official journal (§282) in which the call was published; and the call being found to be in conformity with the requirements therefor, the stockholders present will proceed to prepare a list of the members present, for the purpose required by law. (§288.)

§288. List of Stockholders.—As constituting a part of the minutes of stockholders' meetings, there shall be a list which must be signed by all the stockholders present (and in cases of proxies, for the owners of stock, by the holder of such proxies), wherein must be stated the number of shares and votes that may be present. (Art. 173.)

§289. Examination of List of Stockholders Present.—It is usual to provide for "scrutinizers," whose duty it is to examine the list of shareholders present or represented by those holding proxies, and who present themselves at the meeting, in order to ascertain if such persons are entitled to participate in the proceedings thereof,—provisions being made that the scrutinizers shall be appointed by the chairman, and shall certify to the correctness of the list of those presenting themselves at the meeting. If provided for in the by-laws, the decision of the scrutinizers will be final: otherwise the stockholders may review their decision.

§290. Proving Ownership of Shares.—The ownership of holder shares being proved by their registration in the stock-book (§99), no other proof is necessary in this case.

With bearer stock the case is different, inasmuch as title is acquired through possession (§96). For this reason steps must be taken to guard against frauds being committed in voting same.

Unless otherwise provided, nothing more would be required than the presentation of such bearer certificates at the meeting, in order to secure participation therein; but as corporation stock is frequently used as collateral to secure obligations, it is seldom convenient to exact such action; or even to permit it. For this reason it is generally provided in the by-laws that in cases of the issuing of bearer stock, the owner thereof shall deposit his stock with the company within a certain number of days before the stockholders' meeting; or that he shall deliver to its secretary a receipt from some banking institution evidencing the fact that it holds his stock in its custody, and will continue to retain it until after the holding of the particular meeting of the stockholders. In exchange for stock so deposited with the company, or such banker's acknowledgment, the company will, usually through its secretary, extend to the stockholder a receipt therefor, showing the latter to possess the right of attendance at the meeting. These receipts are presented to the scrutinizers at the meeting as proof of the rights of their holders; and after the meeting is concluded, they are used as a means of regaining possession of the stock or banker's certificate so deposited.

§291. Where Stock Certificates Not Issued.—Where stock certificates have not yet been issued by the company, the proof of the right of ownership thereof, will be the articles, or any legal notice of transfers of interest which may have been given to the company.

§292. When Quorum Present.—In order that regular stockholders' meetings may be legally held under the first call,

there shall be thereat a representation of more than one-half of the capital stock.

The number of votes to be possessed by shareholders at the meetings, as well as the manner of computing them, shall be determined by the by-laws. (Art. 204.)

This provision enables the stockholders to provide either that the stockholders may possess a vote as such, and, irrespective of the shares of stock which he possesses; or, as is generally provided, the stockholder's votes will depend upon the number of shares of which he is the owner.

§293. When Quorum Not Present.—If an insufficient number of stock is present at the meeting, this fact should be made to appear by the minutes, and that in consequence thereof the meeting did not proceed with the business of the day. These minutes should be drafted in proper form (§297), and be executed by the authorized functionaries of the company.

§294. Issuing Second Call for Same Meeting for Failure of Quorum Under First Call.—The officer of the company entrusted with the issuing of calls for stockholders' meetings (§280), should, as soon as convenient, publish the new call for the meeting which has miscarried because of a failure of a quorum.

It is not required by law, but it is customary, to refer to the failure of the first meeting, and the reason thereof, and to further state the law: that the meeting will be held and the points stated in the first call will be resolved, whatever may be the portion of capital stock represented by the stockholders present under the second call. (Art. 204.)

The second call should be repeated for the same time, with the same "order of the day," and in the same publication as required in the first call. (§282.) Copies of the papers bearing the notice of the second meeting should be preserved with its minutes.

§295. Proceedings of Stockholders' Meetings.—Whether a quorum is present in response to the first call, or the meeting is held under the second call, the proceedings at the meeting will be identical; that is, the meeting will proceed under the order of the day, and consider and take action on each subject therein. As already stated, no action can be taken on any matter not set forth therein. (§282.)

§296. Passing Resolutions.—The resolutions adopted at a general meeting must be passed by at least an absolute majority of the votes of the shares that can be computed. (Art. 205.)

Directors' shares cannot be voted or computed when action is taken upon the balance sheet, or on questions touching their personal responsibility. (§§162-3.)

§297. Minutes of Meetings.—All minutes of stockholders' meetings, whether ordinary or extraordinary, shall be made in duplicate, and to one of the copies of the minutes shall be annexed the list of shareholders. (§288.) (Art. 211.)

While one set of the minutes must be kept in a legalized minute book (§298), this is not exacted as to the other; and it is the practice to write the latter on loose paper, annexing thereto the periodicals in which the notice of the meeting were published, together with the list of stockholders present, the balance sheet and any other documents or reports submitted to the meeting for its consideration.

The duplicate minutes should be executed in the same manner and by the officers authorized therefor.

§298. The Minute and Other Books.—Among the other obligations which the law imposes upon "merchants" (§5), (including commercial corporations), is that they are obliged to keep certain books which have to do with their business. The conditions incident to opening of them and the requirements as to how they must be used, are many.

* Among the other books which company-merchants must keep, is a minute book or books, in which shall be recorded all resolutions which refer to the progress and operations of the company, passed by the stockholders' meetings and by the Board of Directors. (Art. 33.) All such books as are required by law to be kept, shall be bound, lined, paged and stamped with the proper stamps in the manner prescribed by law. (Art. 34).

They must be kept in the Spanish language, with clearness, and in the progressive order of dates and transactions, without leaving blanks, or anything which may be altered. The errors which may be committed in them shall be corrected by new entries corresponding with the incorrect ones (Art. 36), and a considerable penalty is attached for failure to comply with these requisites, the person violating such requirements being compelled to cause the translation to be made into Spanish. (Art. 37.)

§299. Legalizing Minute and Other Books of the Company.

—The Government maintains, for the purpose of the collection of stamp tax, branches of the Revenue Stamp Department throughout the Republic. It is the duty of such branches to sell revenue stamps and collect the Federal taxes originating in such district.

Among other sources of revenue of the Government is the tax upon the authorization of books which the law requires merchants to keep: among these being the minute books of companies already mentioned. These books, which the law requires to be authorized, are purchased by the merchant, taken to the Revenue Stamp Office of the district in which he is engaged in business, and upon stating to the official of such office, the purpose for which the book is to be used, the latter will "authorize" same by placing therein a certificate to such effect, sealing one side of each leaf, and collecting a revenue of 5 Mexican cents for each leaf, for the receipt of which he annexes revenue stamps to his "authori-

zation," and cancels them. The book may then be legally used for the purposes authorized, and when necessary, as proof of transactions.

The minute book or books of a corporation must be so authorized before they may be used. The same book may be used both for stockholders' and directors' meetings; but it is customary, at least, with large corporations, to use separate books for such distinct purposes, as well as for minutes of consulting committees, when these are created.

New books may be secured and "authorized" at any time; but the law requires that old books be retained and preserved. (Art. 46.)

Foreigners sometimes keep their minutes also in their own language in unauthorized books. The Government has nothing to do with these, in the event the authorized books are properly kept.

§300. Correcting Errors in Authorized Books.—As has been seen, when errors occur in the authorized books, they must not be erased, but must be corrected through new entries. These entries of corrections in the minute books are usually placed at the end of the minutes and before the signatures of the executing officers are affixed.

§301. What Stockholders' Minutes Must Contain.—In the minute book which each company shall keep, treating of stockholders' meetings, shall be expressed: the respective date, those present at them, the number of votes which each stockholder may make use of, the resolutions that may be passed, which must be recorded to the letter; and when the voting is by ayes and nays, the votes cast; care being taken to record everything which may conduce to complete knowledge of what was resolved. * * * These shall be evidenced by the signatures of the persons to whom the by-laws give this power. (Art. 41.)

§302. Action at First Stockholders' Meeting.—For the purpose of a guide to be followed in the first stockholders' meeting, the following is given:

1. The meeting to convene at the time and place designated in the articles.

2. Calling meeting to order by temporary chairman selected.

3. Executing of list of stockholders present, showing the number of shares represented by them.

4. Naming of scrutinizers to pass on stockholders' list, and their report thereon.

5. Chairman will state that he declares meeting duly and legally installed.

6. Presentation and adoption of by-laws.

7. Election of Directors (and substitutes) if not designated for first term in articles.

8. Election of Examiners (and substitutes) if not designated for first term in articles.

9. Any other business which may be brought before the meeting.

§303. Forms for Minutes of Stockholders' Meetings.—Forms will be found in the Appendix, of minutes of first and subsequent stockholders' meetings.

CHAPTER XVII.

MEETINGS OF DIRECTORS.

- §304. Meetings of the Board of Directors.
- 305. Times of Directors' Meetings and Call.
- 306. Call to Substitute Directors.
- 307. Quorum of Directors.
- 308. Calling Meeting to Order.
- 309. Proceedings of Meeting.
- 310. Minutes of Meetings.
- 311. Action at First Directors' Meeting.
- 312. Forms for Minutes of Directors' Meetings.

§304. Meetings of the Board of Directors.—These are held for the purpose of taking action within the powers possessed by such board.

The manner of calling directors' meetings, and the method of procedure thereat, is governed (1) either by provisions of the by-laws, or (2) by regulations which the directors may adopt for these purposes, in the event the by-laws fail to make provisions therefor.

§305. Times of Directors' Meetings and Call.—These may be fixed by the by-laws, or may be left to the directors to arrange. Usually provisions are made for the holdings thereof at stated intervals and in a designated place. It is sometimes provided that any director may call a meeting when he believes it necessary; as a general rule, however, this matter is left to some officer of the company, usually the Secretary, who will issue the call for the meetings, with a certain grace between the call and the time thereof; or he may issue same upon the request of some particular officer, or of any director, in accordance with regulations.

The call need not be in writing, but this is the usual form.

A call need not be issued if all directors are present and willing to proceed with a meeting.

§306. Call to Substitute Directors.—Where provisions are made for substitute directors (§126), to fill the post of a temporarily absent director, it is customary to advise him of the call, and of the name of the regular director whose post he is to occupy.

§307. Quorum of Directors.—The by-laws should provide the number of directors which will constitute a quorum; and as such boards are usually composed of an uneven number of directors, it is generally provided that a majority thereof shall constitute such quorum, the substituted directors being counted as filling the post of absent directors.

§308. Calling Meeting to Order.—The President, or a member selected as Chairman, will call the meeting to order, while the Secretary or member appointed therefor, will take charge of the minutes; and a quorum being present, the meeting will proceed with the business before it.

§309. Proceedings of Meeting.—Contrary to the rule in stockholders' meetings, the directors are not bound down to any order of the day, unless it has been so expressly provided in the by-laws. In these cases they should proceed under such order, and present the different questions the order of the day as therein indicated. In the absence of such provisions they may proceed in the manner which they agree upon.

The call need not and should not stipulate the questions to be treated of at the meeting unless these be of such importance that a mention thereof would be considered advisable in order to secure attendance. But the utmost latitude should be permitted to directors in the discussion and action to be taken on questions which concern the interests of the company.

Resolutions adopted should be clear in their meanings, and concise, and the manner of their adoption should be stated in the by-laws.

§310. Minutes of Meetings.—No requirement is made that directors' minutes be made in duplicate, such as is necessary in handling the minutes of stockholders' meetings. (§297.)

But directors' minutes must be contained in a legalized minute book (§298), either in a book used for stockholders' and directors' minutes alike, or in a separate minute book, as best suits the pleasure of the corporation or of its directors.

Where the minutes refer to the Board of Directors, these particulars only shall be entered: the date, the names of those present, and an account of the resolutions passed. They shall be evidenced by the signatures of the persons to whom the by-laws give such powers. (§175.)

§311. Action at First Directors' Meeting.—Whether the meeting be that immediately following the organization, or subsequently, following any other election, the directors should at once proceed to perfect their organization. The following is given as a guide for such times and purposes:

1. Calling the meeting to order.
2. Presentation of stock certificates to qualify directors and examiners.
3. Selection of temporary chairman.
4. Appointment of officers.
5. Appointment of managers.
6. Any other business.

§312. Forms for Minutes of Directors' Meetings.—Forms will be found in the Appendix of minutes for first and subsequent directors' meetings.

CHAPTER XVIII.

REGISTRATION AND OTHER OBLIGATIONS IN BEGINNING OPERATIONS.

§313. Requirements to Be Fulfilled in Beginning Business.

314. Publication of Announcement.

315. Registration of Documents and Facts.

316. Effects of Failure To Register.

317. Effects of Registrations.

318. When Effects of Registration Begins.

319. Effects of Non-Registration on Third Parties and on the Parties Thereto.

320. The Proof for Securing Registration.

321. Where Registration to Be Made.

322. What Must be Registered.

323. Foreign Companies.

324. Business Tax on Corporations.

325. Mercantile Bookkeeping.

§313. Requirements to Be Fulfilled in Beginning Business.

—The law requires that publicity be given as to the organization and operations of all merchants, individuals, and companies, including corporations.

All merchants, through the fact of being such, are obliged :

I. To publish through the medium of the press, the class of its business, with its essential circumstances and, at the proper time, the modifications which may be adopted.

II. To record in the public commercial registry the documents whose tenor and authenticity ought to be made known.

III. To follow an uniform rigorous system of accounts.

IV. To preserve the correspondence which has relation to the business of the merchant. (Art. 16.)

These requirements attach to any establishment, agency or branch, which the merchant (including commercial companies) may open.

No attempt will be made to treat in a detailed form of any of these requirements other than those having to do with the recording of documents by the merchant.

§314. Publication of Announcement.—The law requiring the publication through the press, of notice concerning the class of business, etc., of the merchant, is directory and not mandatory, and the company or other merchant may comply therewith as he sees fit. Such publications can hardly be said to be universally complied with. The general provisions of the law covering civil and criminal responsibility for the penal violations and omissions of the requirements of the law, articles of incorporations, by-laws or other directions of the company, are applicable, however.

Where such publicity is made the notice is generally published in the official journal, even though the law does not so provide.

§315. Registration of Documents and Facts.—Mercantile registers are kept in most of the towns of the divisions and judicial districts of the Republic, by the officers charged with the public registry of property, and of mortgages; in the absence thereof the judges of courts of first instance of the ordinary jurisdiction will have charge of such matters. (Art. 18.) The inscription or entry in the mercantile registry is optional for the individuals who devote themselves to commerce, and obligatory for all commercial companies and for ships. (Art. 19.)

As certain consequences are attached for failure to effect the registrations required by law, and these consequences will be avoided by complying therewith, such registrations should be effected. At the risk of repetition, let it be stated that such needs of registration apply equally in the principal place of business of the company, as well as to the districts wherein it may establish agencies or branches for the purpose of engaging in commerce. (§55.)

§316. Effects of Failure to Register.—If the company or other merchant should omit to register or enter the documents required by the law to be so registered (§322), such omission will entail that in case of bankruptcy said bank-

ruptcy will be presumed to be fraudulent, in the absence of proof to the contrary. (Art. 27.)

§317. Effects of Registrations.—The registrations which should be effected in the mercantile register (§315) are distinct from the requirements therefor having to do with real property, mines, etc., such as transfers and mortgages, which are to be effected in the records provided expressly for these matters. (§87.) Therefore, where the company acquires rights in real property in effecting its organization, a double registration is necessary.

Where any of the acts or contracts which are to be registered in the mercantile register (§315) should be entered in the public registry of property, or in the registry office of mortgages, in conformity with the ordinary civil law, their registry shall be sufficient to supply the corresponding effects of the mercantile law, provided that in the special registry of commerce or mercantile register, note be taken of the entry made in the ordinary public register or in the mortgage office. (Art. 22.)

§318. When Effects of Registration Begins.—The documents registered shall produce their legal effect from the date of their entry, without invalidating any others, anterior or subsequent, which have not been registered. (Art. 29.)

§319. Effects of Non-Registration on Third Parties and on the Parties Thereto.—Documents which in conformity with the law (§322) ought to be registered, but are not so registered, shall have effect between those who are parties to them, but can produce no injury to a third party who may avail himself thereof to the extent most favorable to him. In spite of omission to enter them in the mercantile register, the documents which refer to property, and rights which shall have been registered in conformity with ordinary law (§87) in the registry office of mortgages, shall have effect against third parties. (Art. 26.)

§320. The Proof for Securing Registration.—The entry shall be made upon proof of the respective written instrument, or the document or declaration in writing presented by the merchant, when the matter subject to registry need not be contained in a public document. (§22.) (Art. 25.)

§321. Where Registration to Be Made.—The registrations which are required to be made must be perfected in the capital of the district or judicial section of the domiciles of the merchant and in any place wherein he may engage in commerce; but if the registration treats of real property, or of real rights constituted over same, the entry, as already shown (§87), shall be also made in the registration office of the judicial section or judicial district in which the property is situated. (Art. 23.)

§322. What Must Be Registered.—On the page of the entry of each merchant or commercial company, the following shall be noted. These facts will be furnished to the authority effecting such registration:

- a. The name of the company.
- b. The class of commerce or operations to which it is devoted.
- c. The date on which operations should be or may have been commenced.
- d. The domicile, specifying the branches which may have been established, without prejudice to entering the branches in the registry of the judicial district in which they may be established.
- e. The writing of the constitution of the mercantile company, whatever may be its object or denomination, as also those containing modifications, recission or dissolution of the same companies.
- f. The minutes of the first general meeting and the documents annexed to them, in the case of stock (limited) corporations, constituted by public subscription. (§331.)

g. The general powers and appointments, and the revocations (if any) of the same, conferred on the managers, agents, employees and all others engaged.

h. The increase or decrease of the cash capital of the stock (limited) corporations.

i. The documents of title of industrial property, patent rights and trade marks.

j. The guarantees of brokers.

§323. Foreign Companies.—Foreign companies which engage in business in Mexico through the establishing of agencies or branches therein, are under certain further registering obligations, as well as obligations covering the legalization in Mexico of the documents proving their organization and acts. These matters are made the subject of a special topic. (§341.)

§324. Business Tax on Corporations.—All merchants, individuals, as well as companies; foreigners and native Mexicans alike, are under the obligation to pay a “business or occupation tax” on their business operations while engaged in such occupations in the Republic. This tax is apart from that required to be paid only on one occasion: that is to say, upon the capitalization of the company, as shown in the contract, which payment suffices for the entire Republic and for all times (§28), while the business tax is assessed upon the financial operations of merchants resulting from their occupations.

The business tax is collected by the local collector of Federal taxes wherever the merchant is engaged in business, both as to principal place of business, as well as for its branches, and it continues to be assessed as long as such place of business is in operation, the tax being subject to suspension as soon as the operations of such business are brought to a close and the proper notification of this fact has been given to the proper tax collector.

Application is made by the merchant to the tax office of the district wherein he establishes himself in business, requesting that the rate of taxation be fixed for him; forms being furnished by such offices for the purposes of the application. The tax having been fixed, the merchant is furnished by the tax office with an authorized tax receipt card, upon which the merchant will attach and cancel the required Federal revenue stamps of the district in which his enterprise is situated, repeating this operation for each tax period, displaying this card conspicuously at all times in proof of his tax payments having been perfected.

Merchants are forced to furnish statements periodically to the Government as to their operations, to serve as a basis for taxation; and the Government may also conduct examinations of the books (§325) of the merchant for the same purpose.

§325. Mercantile Bookkeeping.—The native corporation having been duly organized, or the foreign company having been legalized in Mexico (§341), its documents properly recorded, and its business tax having been fixed by the tax office, the company will open its books.

A merchant, including corporations, is obliged to keep accounts and entries of all transactions in three books at least, which are: the book of inventories and balances; the general day book, and the ledger, or book of current accounts. (Art. 33.)

The books must be “legalized” in the manner already described. (§299.)

The requirements of the manner and form required for the keeping of books by merchants are many, and being aside from the object of this work, nothing more than this reference thereto will be here made. (Chapter III, Commercial Code.)

CHAPTER XIX.

CONSOLIDATION OF COMPANY.

§326. Companies May Become Absorbed or Amalgamated.

327. Effect on Shareholders.

328. Publication of Notice of Consolidation.

329. Time When Consolidation Takes Place; and Effect on Creditors.

330. Manner of Effecting Consolidation.

§326. Companies May Become Absorbed or Amalgamated into each other, and such action will be determined upon by the stockholders of each of them. (Art. 260.)

As already shown (§252), the authorization for consolidation must be effected through a stockholders' meeting at which a larger attendance and affirmative vote have concurred than when such meetings treat of other company matters.

§327. Effect on Shareholders.—Dissenting shareholders are not compelled to accept the plan of consolidation, nor can they prevent the majority of their members from carrying such action into effect; but as to the dissenters the company shall be held to be dissolved (Art. 260), and they will therefore be entitled to their corresponding part of the assets of the company.

§328. Publication of Notice of Consolidation.—All of the consolidating companies must publish notice of their actions in the same manner as required of new companies in beginning operations (§314), this being obligatory in cases of consolidation; and must also publish their last balance sheets. The companies which cease to exist by reason of their consolidation into another company, must also publish the method provided for the discharge of their liabilities (Art. 261), stating the manner of their liquidation, whether

by the old company or through the assuming thereof by the company which acquires its business.

§329. Time When Consolidation Takes Place and Effect on Creditors.—The amalgamation of two or more companies cannot take effect until the expiration of three months after the publication of the basis of amalgamation, unless the payment of all the company's debts are agreed upon, or a deposit of their amount be made in some banking institution, or the consent of all the creditors has been obtained. Accruing debts shall be considered as matured. (Art. 262.)

Where deposit is made in a banking institution to cover the liabilities of the company which ceases to exist, the certificate by which such deposit is vouched or proved, must be published in conformity with the requirement for publication of the notice of the amalgamation. (§328.)

During the term of three months from the publication of the notice of the intended consolidation, every creditor of the amalgamating companies has the right to oppose the consolidation, and such action will suspend the consolidation if the objecting creditor is not paid, or a deposit be not made to cover his claim, or his consent be not secured therefor. (Art. 262.)

§330. Manner of Effecting Consolidation.—When the period of three months from the publishing of the notice of consolidation has passed, and no objector has presented himself, the amalgamation may be carried into effect, and the company which continues to exist, or that which results from the amalgamation, shall take the rights and the obligations of the defunct companies. (Art. 263.)

Where such amalgamation results in an increase in the capitalization of the company whose existence is to continue, the action of its stockholders will not only show an authorization for the consolidation, but also the authorization of an increase in its capitalization; those who are to acquire the new stock issued therefor; as well as the rights

to be possessed thereunder, and everything incident to an increase of stock under any other circumstances. If an increase in the capitalization results, an entirely new contract must be executed in the manner indicated. (§248.)

If no increase of capitalization results, only the conditions incident to the consolidation will be incorporated into the contract.

The company which is to continue need not necessarily be a corporation, and a corporation may be consolidated into any company, whether the latter be organized under corporation form or otherwise.

When the amalgamation of two or more companies results in one distinct company, its creation shall be subject to the principles which govern the creation of companies of the class to which it belongs. (Art. 264.)

CHAPTER XX.

FORMATION OF CORPORATIONS THROUGH SUBSCRIPTIONS TO STOCK.

- §331. Necessary Procedure When Formed by Public Subscription.
- 332. The Prospectus.
- 333. Stock Subscriptions.
- 334. Manner of Paying Stock Subscriptions.
- 335. Effects of Non-Payment of Call.
- 336. First Meeting of Organizers To Perfect Organization.
- 337. Calling of Meeting.
- 338. Minutes of Meeting.
- 339. List of Stock Subscribers Present.
- 340. Manner of Legalizing Acts of Meeting.

What has been said as to the contents of the articles of incorporations and of the by-laws; the internal relations of stockholders; the management of the corporation, etc., where the corporation is formed through the execution of the contract of incorporation where all of the subscribers to its stock execute same, is equally applicable in cases where the organization is carried into effect through soliciting publicly for stock subscriptions, and is later perfected through the execution of the contract or articles by persons authorized therefor by the subscribers.

§331. Necessary Procedure When Formed by Public Subscription.—Where a corporation is formed by public subscription, the following procedure is required in order to perfect it:

I. The issuing of a prospectus covering the plans of the company. (§332.)

II. The securing of subscriptions to the capitalization of the company. (§333.)

III. The holding of a meeting of stock-subscribers which shall approve and ratify the contract of association of the company. (§336.)

IV. The legalization of the minutes of the meeting of stock-subscribers and of the by-laws. (§340.)

§332. The Prospectus.—The prospectus for the company, prepared and subscribed by the stock-subscribers or organizers, must contain in its entirety the project for the by-laws of the new corporation, with all the explanations that may be considered necessary; the amount of the capital stock which must be paid in, and furthermore, a comprobation of the value at which may be estimated the titles, goods, personal and real property which any of the shareholders may have contributed for the organization of the corporation. The by-laws must contain all of the requisites prescribed for the articles of incorporation; and must also provide the manner of calling the first general or ordinary stockholders' meeting (§280), (Art. 168), following the completion of the organization.

As will have been observed, the prospectus is merely a general statement of the contract which the stock-subscribers agree to carry into effect, and of operation, when the conditions incident thereto have been fulfilled: that is, when the required stock subscriptions have been secured.

While with corporations organized under the other plan, nothing more than the subjects which are incident to the general basis of the company are required to be covered in the contract, the by-laws being adopted by the stockholders in its meeting **after** the organization is completed,—yet under the plan now being considered the basic requirements for the contract, as well as the by-laws, must be included in the prospectus and must be contained in the notarial document (§23) perfecting the organization.

The prospectus must also show the conditions of payment of the subscriptions, and the place where such payment is to be made.

§333. Stock Subscriptions.—The share-subscriptions must appear in one or more copies of the prospectus of the organizers, and it must show the name and surname, or firm name, and domicile of each subscriber for shares; the number, in words, of the shares subscribed for; the date of each sub-

scription; and must clearly express the declaration that the subscriber knows and accepts the project of the by-laws; all of which must be certified to by two witnesses. (Art. 169.)

It is customary to publish the prospectus in the shape of a pamphlet, with proper forms therein, fulfilling the requirements of the law, which forms are filled in and executed in the manner described.

The law of stock subscriptions (§73), partial payments (§74), and taking of property in payment of subscriptions (§81), as applied to the other form of organization, are equally applicable under the form being considered.

§334. Manner of Paying Stock Subscriptions.—The payment of the amount of the first call as made by the founders of the corporation to be effected by the stock-subscribers, shall be made by the latter to the banking institution; or to the business firm designated for such purposes in the prospectus of the founders; and the sums so deposited shall be delivered to the managers (§177) who are appointed at the first stockholders' meeting after the legalization and registration (§340) of the documents relating to the company shall have been effected; or shall be returned to the subscribers in case the corporation should not be organized. (Art. 171.)

§335. Effects of Non-Payment of Call.—If, in the cases of the stock subscriptions which are to be paid for in money, ten per cent (10%) of the subscription is not paid within the term fixed by the founders, such shares shall be considered as not having been subscribed (Art. 170), and the capitalization authorized or to be authorized will be reduced the sum of such defaulting subscription. In consequence thereof the subscriber will be under no liability for the payment thereof.

§336. First Meeting of Organizers to Perfect Organization.—After the capital stock has been subscribed and the de-

posit by the subscribers as mentioned in the foregoing paragraph, has been made, a general meeting of shareholders shall be called.

The meeting shall transact the following business:

I. Examine and approve the assessments required by the founders, as well as the value at which may have been estimated the titles, goods, personal and real property that one or more shareholders may have contributed to the corporation, those thus contributing not having the right to vote at this meeting.

II. Discuss and approve the by-laws. (§258.)

III. Discuss the share that the founders may have reserved to themselves of the profits. (§214.)

IV. Make the appointment of directors (§121), and examiners (§184) that are to hold office during the term indicated in the by-laws.

§337. Calling the Meeting.—No provision is made in the law as to who shall call the meeting of stock subscribers, for the purpose of perfecting the organization, though the promoters probably possess power therefor. The better practice would appear to be to make provisions in the prospectus for this, designating the person or persons therefor.

Neither does the law provide in this case as to the method for calling the meeting, although this should probably be done through the publication of a notice thereof in the official journal in the manner, and with the intervening time stipulated in the by-laws, as contained in the prospectus. It is best, however, to specifically cover such matters in relation to this meeting, by provisions in the prospectus.

338. Minute of Meeting.—As the company is not yet formed, the minutes of the meeting will not appear in a legalized minute book, but will be drafted on legal paper, where they will be signed by all stock subscribers present, after which a 50-cent revenue stamp is placed on each sheet thereof, such stamps being cancelled. These minutes, containing the basis of the organization, its by-laws, and the

action taken on the other questions provided for by law (§258), is the document to be legalized or protocolized. (§340.)

§339. List of Stock Subscribers Present.—Just as a list of stockholders must be made a part of the minutes of meetings of corporations already created (§297), which list contains the names of the persons present, the shares and votes represented by each of them, to be signed by the stockholders, so also must a similar list form a part of the minutes of the first meeting of stock subscribers under the plan of organization being considered. This list, as forming a part of the minutes of the meeting, should also form a part of the proceedings to be legalized.

§340. Manner of Legalizing Acts of Meeting.—The by-laws of corporations formed under this plan must contain, in addition to the matter usually provided therein (§303), all the requisites of the articles of incorporation in the other form. (§17.) Such by-laws, together with the minutes of the meeting, must be legalized in order to give the company an existence.

As both the by-laws and the minutes must be signed by the stock subscribers, it is preferable to combine same into one document,—that is, into the minutes of the meeting. This will be accomplished by the resolution of the adoption of the by-laws, in which they are set out.

The legalization may be effected in either of two ways:

I. Through all of the subscribers appearing before a notary public and signing again, in the notary's book of protocol, a copy of the minutes of the meeting and of the by-laws.

II. Through the presentation, by a person designated by the stock subscribers at their meeting, of the minutes and by-laws, to a court with an application that such documents be authorized by the court, and be ordered to be protocolized.

As no advantage arises through the adoption of the first

plan, and as it is inconvenient for all subscribers, the second plan should be followed.

The application having been made to the court, and the authorization and order for protocolization having been entered thereby, the notary will secure all documents presented, together with such orders, will insert same into his books of protocol (§23), collect his fees and the Federal tax on the authorized capitalization (§28), and furnish a certified copy of his records of the transaction for the purposes of the company. (§23.) As soon as the Federal tax has been paid to the Government, the company comes into legal existence, and will be governed, in all of its further affairs, by the law as stated for corporations in general.

This system of organization is very seldom made use of.

CHAPTER XXI.

FOREIGN CORPORATIONS IN MEXICO.

- §341. Rights and Obligations.
- 342. Manner of Establishing.
- 343. What Must be Legalized and Manner Thereof.
- 344. The Legalization in the Country of Origin.
- 345. Legalizing Before Mexican Department of Foreign Relations.
- 346. Legalizing Before Courts.
- 347. Legalization Before Notary Public.
- 348. Legalization for Use Outside of Jurisdiction of Legalization.
- 349. Holding and Subsidiary Companies.
- 350. Rights of Stockholders of Foreign Corporations.

§341. Rights and Obligations.—Companies legally constituted in foreign countries which establish themselves in the Republic, or have in it any agency or branch, may engage in commerce, subjecting themselves to the special provisions of the Commercial Code, in everything concerning the formation of their establishments within the national territory, their mercantile operations and the jurisdiction of the tribunals of the nation. (Art. 15.)

But let it be pointed out that such obligations only arise **when the foreign corporation establishes Mexico as its place of business, or of one of its agencies or branches:** in this event it is to subject itself to the law governing native companies in the registration of its documents in the mercantile register (§313); must keep its books having relation to its Mexican business (§325); must preserve its correspondence; must pay its business tax (§324), and perform such other acts, in relation to its business in Mexico, as are required of all merchants therein. It is also under the further obligation of publishing annual statements (§142), and legalizing certain of its documents in Mexico (§343); and while the officers of native corporations incur no liability to the public for their failure to comply with a similar provision for publication of annual statements, those who contract in the name of foreign corporations which fail to meet this re-

quirement, become personally and jointly liable for the fulfillment of the contracts made in the Republic in the name of the foreign company. This liability also attaches for failure to register its documents as required by law.

§342. Manner of Establishing.—Companies legally constituted in a foreign country which establish themselves in the Republic, or have in it some agency or branch, must, in order to enjoy the right granted them as already indicated, subject themselves to the following prescriptions:

I. To effect certain inscriptions and registrations especially required of them under the law. (§343.)

II. When foreign corporations are formed by shares, they must publish annually a balance sheet which must clearly state their assets and liabilities, as well as the names of the persons who have their management and control. (Art. 265.)

As will be seen, the fact that such foreign company has failed to comply with these legal requisites does not invalidate the transaction and contracts which it may have effected, but does fix certain personal liability upon those who effect same in the name of the company which has failed to conform therewith. (§341.)

§343. What Must Be Legalized and Manner Thereof.—Documents preceding from foreign countries, and subject to registration in Mexico shall be previously legalized in the Republic. (Art. 25.)

Foreign companies, which desire to establish themselves or create branches in the Republic, shall present and enter in the mercantile register, in addition to the proof of the protocolization of their articles and by-laws, contracts and other documents referring to their constitution, the inventory or last balance sheet, if they have one, and a certificate of their having been constituted and authorized in accordance with the law of their respective countries, which latter shall be given by the minister which the Republic

may have accredited to such foreign country, or in his absence, then the certificate shall be given by the Mexican Consul. (Art. 24.)

The articles, by-laws and the minutes of the election of the existing officers of the foreign corporation are the fact regarding its constitution which must be presented and registered, in addition to the certificate issued by the representative of Mexico in the country of the origin of the documents.

§344. The Legalization in the Country of Origin.—In order to proceed in the presentation of these documents, they must be legalized in Mexico; and as a step incident thereto, proof must be presented evidencing the authenticity thereof.

Where the articles of incorporation or by-laws, or both, are registered before an administrative department of the foreign government, a certified copy thereof is to be used to prove them. But when, as frequently occurs under the laws of the United States of America, the articles alone are so registered, then the by-laws, as well as the minutes of election of officers, must be otherwise proved: the form thereof being a certified copy of the corresponding records of the company, accompanied by an affidavit of the proper officer—custodian of such records of the company, in which he makes it appear that such records as given are true and correct. The jurat of the notary should show that he has examined the records of the company, knows the executing officer to be such, and that he possesses the faculty of making the affidavit. A notary may make a certificate to these facts, if desired, in which it appears that he has examined the minute books of the company, and that the extracts which he gives therefrom are true and correct copies thereof.

The administrative authority of the government having issued a certified copy of the documents recorded before him, a certificate as to the authenticity of his act will be issued by the Mexican Consul of such jurisdiction, when the document will be ready for legalization in Mexico.

The copy of the further records required to be furnished by the company, having been acknowledged as set forth, before a notary public, a certificate of authentication thereto must also be secured from the local Mexican Consul. Some Consuls will issue their certificate direct to the authority of the notary public, but the larger number require that a local political authority,—such as a Clerk of Court of the jurisdiction of the notary, or the State authority who issued the notary's commission,—shall intervene for this purpose, the Consul then certifying to the act of the latter. Such document is then ready for legalization in Mexico.

In whatever form these proofs of the organization of the corporation are effected, certificates of authenticity thereto and of the company having been organized according to the laws of such foreign country must be secured from the local Mexican Minister or Consul, before forwarding it to Mexico.

§345. Legalizing Before Mexican Department of Foreign Relations.—The documents evidencing the constitution of the company having been legalized in the country of their origin in the form indicated, they will be presented to the Department of Foreign Relations, where, upon payment of 50 cents, Mexican money, for each certificate from this department, it will affix certificates thereto, as well as to the certificate issued by the Mexican Minister or Consul to the effect that the company has been organized in conformity with the laws of such foreign country.

§346. Legalizing Before Courts.—All of the above documents, together with a translation into Spanish of any parts thereof which may be in any other language, will now be presented before any court of first instance in the Republic, accompanied by an application to order the legalization thereof before a notary public in Mexico, and a further ap-

plication for the designation of a translator to certify to any required translations in connection with same.

If a translator is required and is named, he will first accept the post, and will then issue his certificate of approval to the translation; after which the court will order legalization thereof before a designated notary.

§347. Legalization Before Notary Public.—The designated notary will then secure all of the documents, the certificate of the translator, if any; and the orders of court; will make an entry of same in his books of protocol, collect the Federal tax on the capitalization of the company (upon the same general basis as for native Mexican corporations [§29],) and the notarial fees, and will issue his certified copy of such record for the purpose of recording and further uses for which it may be required.


§348. Legalization for Use Outside of Jurisdiction of Legalization.—Where it becomes necessary to use the notary's certified copy of the legalization, in any other than the jurisdiction wherein same is executed, a certificate must be secured thereto from the highest political authority of such jurisdiction, evidencing the official capacity of the notary. In the States and Territories of the Republic, this certificate will be issued by the respective governors thereof. In the Federal district, in which Mexico City is situated, this certificate will be issued by the Secretary of Justice.

§349. Holding and Subsidiary Companies.—Not infrequently it becomes advisable, in order to avoid expenses or for other reasons, to form subsidiary companies under the laws of Mexico and holding companies under the laws of a foreign country,—the subsidiary Mexican company being created with a minimum capitalization, and the foreign holding company being created with the capitalization required for the enterprise: the holders of the stock of the Mexican

company transferring same to the foreign company upon such basis as may be agreed upon.

§350. Rights of Stockholders of Foreign Corporations.—
A misunderstanding appears to prevail not infrequently as to the rights of stockholders in foreign corporations which have become legalized in Mexico.

The fact of registration in Mexico of a foreign corporation, does not change in the least the rights and obligations of such stockholders. These corporations continue to be governed by the laws of the company of organization; and any questions arising in the relations of stockholders to the company, their co-stockholders or officers, must be resolved under the laws of such country, by the courts thereof. The stockholder in such a company is in no wise recognized in Mexico: the corporation being the only one to be so recognized.



CHAPTER XXII.

THE ARTICLES OF INCORPORATION.

The following form of articles of incorporation or association is given as a general guide, in order to illustrate the shape taken by such documents. This is a copy of the notary's "certified copy" (§24) of such document.

Aside from the general matters of all such corporate contracts, this model shows three special features in capitalization, to-wit:

1. Free shares.
2. Installment shares; and the fact that the minimum which must be paid thereon, has been paid.
3. Shares issued to bearer.

Form No. 1. Articles of Incorporation.—In the City of Mexico, on the 16th day of March, 1911, before me, Heriberto Molina, notary number 78 of this city, assisted by the witnesses whose qualifications will be expressed, appeared Messrs. George B. Moore and Thomas K. Bell, both of them in exercise of their own rights, and said: That they proceed to organize a corporation under the following clauses:

First.—They constitute a corporation under the name of Industrial Savings and Loan Company, Incorporated, or, in other words, "Compañia Industrial de Ahorros y Prestamos, Sociedad Anonima," whose domicile will be the City of Mexico.

Second.—The objects of the company are as follows: 1. To make contracts in which their holders are obliged to effect deposits and payments of money to the company for the purpose and in the manner and form agreed upon between the contracting parties, and with the rights on the part of the company to receive for its services in the management of such funds under such contracts, such compensation as may be agreed; and with the right, as agreed with the own-

ers of such contracts, to participate in the profits of said fund, under the guarantees which may be agreed upon by the parties. II. To make loans with or without guarantees on real estate or other values, debtors to make payment for such loans in installments or in cash. III. Purchase and sell real estate and manage same; effect operations of purchase and sale in cash or through partial payments. IV. Construct, and rent the buildings so constructed; or assist in constructing them, causing the debtors to make payment therefor in cash or in installments. V. Purchase and sell obligations and rights of every kind whatsoever and under the conditions which best suits it. VI. Issue bonds and notes and other obligations with or without mortgage guarantee. VII. To perform all classes of operations permitted by law. VIII. To make all contracts, transactions and operations necessary or convenient for any of the objects of the company, or which may be related thereto in any way.

Third.—The duration of the company shall be ninety-nine years, to be counted from the date of these articles.

Fourth.—The authorized capital of the company is the sum of \$100,000.00, represented by 1000 shares of the par value of \$100.00 each, of which shares 500 shall be issued as free stock in favor of the contracting parties; and the remaining 500 shares shall be installment stock, all of which is subscribed by the contracting parties in equal parts, and on account of which there has been paid 10 per cent of their value. All of the shares are in favor of the bearer, and for each share, whether free or of the installment kind, there shall be one vote in the stockholders' meetings.

Fifth.—The administration of the company shall be conferred upon a board of directors composed of not less than 5 nor more than 11 members. Each director must deposit, in guarantee of his acts, the number of shares which will be designated by the by-laws; furthermore the company shall have a manager, who shall be named, as also shall the other

officers of the company, in accordance with the provisions of the by-laws.

Sixth.—The Board of Directors will have in its charge the direction of the business of the company, and for such purpose it will possess the most ample faculties to carry into effect the acts and contracts which are permitted by the different objects of the company. It is invested with the faculties which require power of attorney or special clauses to which reference is made in Article 2387 of the Civil Code.

Seventh.—The company will have an Examiner (Comisario), who shall be elected in the general meeting of stockholders; he shall continue in his office for one year and until his successor has been elected and has taken possession of his office. He will deposit in the power of the company to guarantee the faithful performance of his obligations, the number of shares which the by-laws determine.

Eighth.—The ordinary meetings of stockholders shall take place at the time designated in the by-laws. The extraordinary meetings shall also take place in accordance with said by-laws; and these shall explain the form and actions of the meetings as also the method of calling them.

Ninth.—The reserve fund of the company shall be formed with 5 per cent of the net profits, which shall be set aside annually until said fund equals the fifth part of the capitalization of the company.

Tenth.—The profits will be decreed and divided annually in equal parts between the owners of the shares, whether they be free or paid shares. The annual meeting of stockholders will fix the sum which is to be paid as dividends; but notwithstanding this, the Board of Directors may declare advance dividends when it believes advisable. The \$50,000 of free shares are considered as founderers' shares and the profits which accrue to same will be the profits of such founderers.

Eleventh.—The company will be dissolved in the following cases: 1. Through the loss of one-half of the authorized capital of the company, if it is so determined by the stockholders in a meeting called for such purpose. II. Through the bankruptcy of the company, legally declared. III. Through the expiration of the term fixed for the life of the company, if it be so determined by the stockholders in a meeting called for such purpose. IV. Through agreement of the stockholders in a general stockholders' meeting in conformity with the rules of the corresponding articles of the Code of Commerce.

Twelfth.—In case of the liquidation of the company the free shares shall have no right in the assets of the company until after a payment of all of the debts and of the refunding of the payments made on the paying stock. The balance shall be divided between all of the stock, whether it be free or paying stock.

Thirteenth.—The stockholders shall only be responsible for the losses of the company to the amount of their respective shares.

Fourteenth.—The first stockholders' meeting for the adoption of by-laws shall take place immediately after the signing of the present articles of incorporation which will have the effects of a call therefor.

Fifteenth.—In case of the dissolution of the company in accordance with the determination of its stockholders, they will proceed to name three liquidators, who will form a Board of Liquidation, which will have the most ample faculties to effect the said liquidation of the company, collecting its credits, selling its properties and paying the expense of their administration, as also the debts of all classes in accordance with their rights of preference, and dividing the rest of the assets (if there be any) between the stockholders of the company, in accordance with the rights of each one of them.

I, the notary, certify that I know the contracting parties and of their legal capacity to authorize these articles of incorporation, whose force and effect has been explained to them. I also certify that said parties are as follows: Mr. Moore, capitalist, twenty-five years of age and married; Mr. Bell, capitalist, sixty years of age; both of them living in Mexico City, with their residence at number 76 Juarez avenue. I equally certify that having read the present document to them they expressed their conformity thereto; serving as witness, Messrs. Eduardo Niña de Rivera, and Luis G. Sierra, both of Mexico City, employees, the first being single and twenty-nine years of age, with his residence at number 21, San Agustin street; and the second being married, twenty-five years of age, and living at number 50 Medinas street. Because the contracting parties do not understand the Spanish language they named as interpreter Mr. E. Dean Fuller, of this city, who is married, an attorney, thirty-five years of age, and who lives at number 43 of the Third street of Roma; who previously having stated that he would do so, read these articles of incorporation to the interested parties in English, to which they then expressed their conformity. Thomas K. Bell, George B. Moore, E. Dean Fuller, E. Niña de Rivera, Luis G. Sierra, Scrol. In Mexico, on the 12th day of April, 1911, I authorize this document.—Heriberto Molina, Scrol. The seal of authority, Mexico, March 16th, 1911. To the Principal Administrator of Stamp Tax: On this date there was executed the document, number 2558, dated the 16th of March, 1911, in three pages, numbers 40-43, which contain the following operations: Corporation denominated Industrial Savings and Loan Company, with a capitalization of \$100,000, organized by Messrs. George B. Moore and Thomas K. Bell.

In accordance with the law, this document should pay the following taxes:

\$1.00 for each \$1000 on \$100,000..... \$100.00

Heriberto Molina. Scrol. The seal of authority. No. 11,258. The Principal Administrator of the Stamp Tax Department. I certify that there has been paid \$100.00, value of the revenue stamps which are to be affixed and cancelled to the above statement in conformity with the liquidation therefor, as above stated. Mexico, April 12th, 1911. José M. Mena. Scrol. The seal of the office.

This first certified copy is issued in three pages in order to serve as the evidence of the constitution of said company. I certify that the present certified copy has been copied in a copy-press book. Mexico, April 18th, 1911. Heriberto Molina. Scrol. The seal of authority.

Fees for the contract.....	\$110.00
Fees for the certified copy.....	4.00

Mexico, April 22nd, 1911. Registered under number 278, leaf 212, of volume 42, book three, of this section. The seal of authority.

Form No. 1 (in Spanish).—En México á diez y seis de Marzo de mil novecientos once, ante mí Heriberto Molíno, Notario número sesenta y ocho de esta Ciudad asistido de los testigos cuyas generales se expresarán; comparecieron los Señores George B. Moore y Thomas K. Bell, los dos por su propio derecho y dijeron: que proceden á organizar una sociedad anónima bajo las siguientes cláusulas: Primera, —Los comparecientes constituyen una sociedad anónima bajo la denominación de “Industrial Savings and Loan Company,” Sociedad Anónima, ó sea (Compañía Industrial de Ahorros y Prestamos, Sociedad Anónima) cuyo domicilio será la Ciudad de México. Segunda.—Los objetos de la Sociedad son: I. Hacer contratos en los cuales sus teneedores tienen la obligación de efectuar depositos y pagos de dinero á la Sociedad, por los efectos y en la manera y forma que convinieren los contratantes, y con el derecho por parte de la Sociedad de recibir por sus servicios en el manejo de dichos fondos, bajo dichos contratos, de la compensación que

se conviniere y con el derecho convenido con los tenedores de dichos contratos, de participar en las ganancias y perdidas que resulten del manejo de dichos fondos y con las garantías que convienen los contratantes. II. Hacer prestamos sin ó con garantías sobre bienes raíces ú otros valores haciendose el pago por los deudores en abonos ó al contado. III. Comprar y vender bienes raíces y mejorarlos, efectuando las operaciones de compra venta al contado ó en pagos parciales. IV. Construir ó arrendar los edificios construidos, ó ayudar á construirlos haciendo los deudores el pago al contado ó en abonos. V. Comprar y vender obligaciones y derechos de cualquiera naturaleza que sean, y bajo las condiciones que mayor convengan. VI. Expedir bonos pagares y otras obligaciones, con garantía hipotecaria y sin ella. VII. Hacer toda clase de operaciones bancarias permitidas por las leyes. VIII. Hacer todos los contratos, negocios y operaciones necesarias ó convenientes á cualquiera de los objetos de la Sociedad ó que de algun modo se relacionen con ellos. Tercera. La duración de la Compañía será de noventa y nueve años contados desde la fecha de esta escritura. Cuarta. El capital social de la Compañía es de cien mil pesos representados por mil acciones del valor á la par de cien pesos cada una, de las cuales quinientas son liberadas en favor de los contratantes y las quinientas restantes son pagadoras suscritas por los mismos contratantes por mitad y de estas estan pagada al diez por ciento á cuenta de sus valores. Todas las acciones son al portador, y por cada acción sean liberadas ó pagaderas se tendrá un voto en las Asambleas. Quinta. La Administración de la Compañía será confiada á un Consejo compuesto de no menos de cinco miembros ni mas de once. Cada director debe depositar en garantía de su gestion el número de acciones que fijen los Estatutos; ademas la sociedad tendrá un Gerente que será nombrado, así como los demas funcionarios de la Compañía, de acuerdo con las determinaciones de los Estatutos. Sexta. El Consejo de Directores tendrá á su cargo

la dirección de los negocios de la Compañía y al efecto dispondrá de las mas amplias facultades llevar á cabo todos los actos y contratos á que los diferentes objetos de la Sociedad den lugar. Queda investido de las facultades que requiere poder á cláusula especial á que se refiere el artículo dos mil trescientos ochenta y siete del Código Civil. Septima. La Compañía tendrá un comisario que será electo en la junta general de accionistas; durara en su encargo un año y hasta que su sucesor haya sido electo y tomado posesión de su encargo. Depositará en poder de la Compañía para garantizar el fiel cumplimiento de sus deberes el número de acciones que determinen los Estatutos. Octava. Las asambleas ordinarias de accionistas se verificarán en los días que señalen los Estatutos.—Las juntas extraordinarias tambien se verificarán de acuerdo con los referidos Estatutos y estos explicaran las facultades y forma de funcionamiento de las asambleas, así como el modo de convocarlas. Novena. El fondo de reserva de la Compañía se constituirá con el cinco por ciento de sus ganancias netas que se aportará anualmente hasta que dicho fondo iguale la quinta parte del capital social. Decima. Los Dividendos podrán decretarse y dividirse anualmente y en partes proporcionales ó iguales entre los tenedores de acciones, tanto liberadas como pagadoras. La asamblea anual de accionistas fijara las cantidades que se pagarán como dividendos, pero no obstante eso el consejo puede declarar anticipos cuando crea conveniente. Se considera como acciones fundadoras los cincuenta mil pesos de acciones liberadas y las ganancias que dejan estas por razón de la distribución entre acciones liberadas y pagadoras. Undecima. La Compañía se disolverá en los casos siguientes: I. Por la pérdida de la mitad del capital social si asi lo determinaren los accionistas en Junta convocada al efecto. II. Por la quiebra de la Compañía legalmente declarada. III. Por la expiración del plazo social si así lo determinaren los accionistas en Junta convocada al efecto. IV. Por acuerdo de los accionistas en Junta General con

arreglo á los artículos relativos del Código de Comercio. Duodecima. En caso de liquidación de la Compañía las acciones liberadas no tienen derecho en el Capital de la Compañía sino hasta que esten pagadas todas las deudas y las acciones pagado el importe total de sus exhibiciones. El resto sera dividido entre todas las acciones liberadas y pagadores por partes iguales. Decima Tercera. Los socios solo responderán de las pérdidas hasta donde alcance el importe de sus acciones respectivas. Decima Cuarta. La primera asamblea para la adopción de los Estatutos se verificará inmediatamente despues de haberse firmando la presente escritura la cual surtira los efectos de convocatoria. Decima Quinta. En caso de la disolución de la Sociedad de acuerdo con la determinación de sus Accionistas estos procederán á nombrar tres liquidadores, que, formarán un Consejo de Liquidación que tendrá facultades amplisimas para efectuar la dicha liquidación de la Sociedad, cobrando sus creditos, vendiendo sus bienes, pagando los gastos de su administración, tanto como las deudas de toda clase según sus derechos de preferencia, y repartiendo el resto del activo, si hay, entre los Accionistas de este, según los derechos que á cada uno de ellos e corresponde. Yo el Notario doy fé conocer á los contratantes y de su capacidad legal para otorgar esta escritura cuya fuerza y valor se les explico. Tambien la doy de que los mismos aseguran ser: El Señor Moore, capitalista, de veinticinco años, casado: El Señor Bell, casado, capitalista de sesenta años, los dos vecinos de México y con habitación en la Avenida Juarez número setenta y seis. Igualmente la doy de que dada lectura al presente instrumento manifestaron su conformidad, siendo testigos los Señores Eduardo Niño de Rivera y Luis G. Sierra; vecinos de México, empleados, el primero soltero de veintinueve años, y con habitación en la primera calle de San Agustín número veintiuno y el segundo casado, de veinticinco años con habitación en la tercera calle de Medinas número cincuenta. Por no saber los contratantes el idioma nacional,

nombraron como interprete al Señor E. Dean Fuller vecino de esta Capital, casado, abogado de treinta y cinco años y con habitación en la tercera calle de Roma número cuarenta y tres; quien previa protesta que otorgó ante mí leyó en Ingles la presente escritura y los interesados manifestaron su conformidad. Thomas K. Bell, George B. Moore, E. Dean Fuller. E. Niño de Rivera, Luis G. Sierra. Rúbricas. En México, á doce de Abril de mil novecientos once, autorizo esta escritura Heriberto Molina. Rúbrica. El Sello de autorizar. México, 16 de Marzo de 1911. Al Administrador Principal del Timbre. Con esta fechá se acabó de firmar la escritura núm. 2558 fecha 16 de Marzo de 1911, en 3 fojas vol. 40-34 que contiene las siguientes operaciones: Sociedad Anónima denominada Industrial Savings and Loan Company con capital de cien mil pesos organizada por los Señores George B. Moore y Thomas H. Bell. Conforme a la ley debe causar:

Uno al millar sobre 100,000.00.....	\$100.00
Suma.....	\$100.00

Heriberto Molina. Rúbrica. El Sello de autorizar. Núm. 11,258.

El Admor Pral. del Timbre en el Distrito Federal, Certifica que se han pagado cien pesos valor de las estampillas que se fijaron y cancelaron en esta nota, conforme á la liquidación que antecede. México, 12 de Abril de 1911. José M. Mena. Rúbrica. El Sello de la Oficina. Se expide este primer testimonio en tres fojas para que sirva de título á la Sociedad constituida. Certifico que del presente testimonio se sacó copia en prensa. México, á diez y ocho de Abril de mil novecientos once. E. R. Dos palabras y una letra. Proporcionales ó Empleados. Valen.

HERIBERTO MOLINA, Rúbrica.

Derechos por escritura.....	\$110.00
Derechos por testimonio.....	4.00

México, Abril 22 de 1911. Registrado bajo el No. 278 á fojas 121 del vol. 42 cuarenta y dos, Libro número 3 de esta Sección.

CHAPTER XXIII.

THE FIRST MEETING OF STOCKHOLDERS.

It is not to be understood that the forms given in this work need be strictly followed in all cases: they are given merely as a guide to assist in the handling of the questions which will be presented in the management of corporations; and they have been drafted to meet ordinary conditions.

Form No. 2. First Clauses of Minutes.—"In the City of Mexico, at three o'clock in the afternoon of the twenty-second day of March, nineteen hundred and eleven, there were united in the offices of Attorney E. Dean Fuller, situated in the house number one, of Gante street, Messrs. George B. Moore, Thomas K. Bell, Albert H. Price, E. Dean Fuller, and Mark B. Katze, said gentlemen having assembled for the purpose of effecting the first stockholders' meeting of the International Loan and Trust Company, Incorporated, as provided for in the articles of incorporation of said company.

"By unanimous vote Mr. Thomas K. Bell was selected as chairman, and Mr. Mark B. Katze as secretary of the meeting.

"The secretary immediately prepared the list of stockholders present, which, being signed by such stockholders, was examined by the Inspectors, George B. Moore and Albert H. Price, who had been previously named by the chairman; and such Inspectors having found said list to be correct, did so certify, it being unanimously resolved to preserve such list and the certificate thereto, and to attach same to the duplicate minutes of this meeting.

"The secretary then announced that the result of such list showed the following shares and votes to be represented at the meeting:

Thomas K. Bell, two hundred shares and votes.

George B. Moore, two hundred shares and votes.

Albert H. Price, two hundred shares and votes.

E. Dean Fuller, two hundred shares and votes.

Mark B. Katze, two hundred shares and votes.

such shares and votes so represented being all those entitled to participate in this meeting; wherefore the chairman declared the meeting legally installed."

Form No. 2 (in Spanish).—"En la Ciudad de México, á las tres de la tarde del día veinte y dos del mes de Marzo de mil novecientos once, se reunieron en los despachos del Lic. E. Dean Fuller, ubicados en la Calle de Gante número uno, los Señores George B. Moore, Thomas K. Bell, Albert H. Price, E. Dean Fuller, y Mark B. Katze, habiendose reunido dichos Señores con el objeto de efectuar la Primera Asamblea de Accionistas de la International Loan and Trust Company, Sociedad Anónima, según prevéa la Escritura Constitutiva de dicha Compañía.

"Por unanimidad de votos el Sr. Thomas K. Bell fué electo como Presidente y el Sr. Mark B. Katze como Secretario de dicha junta.

"El Secretario preparó inmediatamente la Lista de Accionistas presentes, la cual habiendose firmado por dichos accionistas, fué examinado por los Escriptores, los Señores George B. Moore, y Albert H. Price, cuyas personas se habían nombrado previamente por el Presidente; dichos Escriptores habiendo encontrado la lista de conformidad, así lo certificaron habiéndose resuelto por unanimidad de votos que la citada Lista junto con su certificado se preserváran y que se anexaran á los duplicados de la acta de ésta junta.

"El Secretario enseguida anuncio que el resultado de dicha Lista demostraba que las siguientes acciones y votos estaban representadas en la mencionada junta:

Thomas K. Bell, doscientas acciones y votos.

George B. Moore, doscientas acciones y votos.

Albert H. Price, doscientas acciones y votos.

E. Dean Fuller, doscientas acciones y votos.

Mark B. Katze, doscientas acciones y votos.

éstas acciones y votos así representadas siendo las que están calificadas para participar en esta junta; por lo tanto el Presidente declaró que la junta estaba legalmente instalada."

Form No. 3. List of Stockholders Present.—"We, the undersigned stockholders of the International Loan and Trust Company, Incorporated, hereby certify that we were present at the first meeting of stockholders of said Company, held in the offices of Attorney E. Dean Fuller, in the house number one, of Gante Street, Mexico City, at three o'clock in the afternoon of the twenty-second day of March, nineteen hundred and eleven, said meeting being so held in accordance with the articles of incorporation of said Company; and that we each represented thereat the number of shares and votes set opposite our names, as evidenced by the said articles of incorporation, to-wit:

Signatures.	Shares and Votes.
Charles K. Bell	Two Hundred
George B. Moore	Two Hundred
Albert H. Price	Two Hundred
E. Dean Fuller	Two Hundred
Mark B. Katze	Two Hundred

Form No. 3 (in Spanish).—"Nosotros, que firmanos, accionistas de la International Loan and Trust Company, Sociedad Anónima, por la presente certificamos que estuvimos presentes á la Primera Asamblea de Accionistas de dicha Compañía que se verificó en los despachos del Lic. E. Dean Fuller, en la Calle de Gante número uno, en la Ciudad de México, á las tres de la tarde del dia veinte y dos del mes de Marzo de mil novecientos once, habiendose convocado dicha junta de acuerdo con la Escritura Constitutiva de la citada Compañía; y que cada uno de nosotros representamos en dicha junta, el número de acciones y votos que estan opuestos á nuestros nombres, de conformidad con la mencionada Escritura Constitutiva, ó sean:"

Firmas.	Acciones y Votos.
Charles K. Bell	Dos Cientos
George B. Moore	Dos Cientos
Albert H. Price	Dos Cientos
E. Dean Fuller	Dos Cientos
Mark B. Katze	Dos Cientos

Form No. 4. Certificate of Inspectors of Stockholders' List.—"We, the undersigned, named by the Chairman of the above first meeting of stockholders of the International Loan and Trust Company, Incorporated, as Inspectors of the list of stockholders thereat, do hereby certify, that we have examined the above list, and we find that the persons signing same are each the owners of the number of shares of stock of said Company, and are entitled to the number of votes in this meeting, as set opposite their respective signatures.

Mexico City, Mexico, March 22nd, 1911.

GEORGE B. MOORE,

ALBERT H. PRICE,

Inspectors.

Approved:

MARK B. KATZE,

Secretary.

Form No. 4 (in Spanish).—"Nosotros, los suscritos, nombrados por el Presidente de la mencionada Primera Asamblea de Accionistas de la International Loan and Trust Company, Sociedad Anónima, como Escriptores de la Lista de Accionistas correspondiente, por la presente certificamos que hemos examinado la citada lista, y encontramos que las personas que firman son cada uno los tenedores del número de acciones de dicha Compañía, y que los corresponden el número de votos, en esta junta, que esta asentado opuesto á sus respectivas firmas.

Ciudad de México, México, Marzo veinte y dos de mil novecientos once.

GEORGE B. MOORE,

ALBERT H. PRICE,

Inspectores.

Aprobado:

MARK B. KATZE,

Secretario.

Form No. 5. Resolution for Adoption of By-Laws.—"Mr. Thomas K. Bell presented a project for the by-laws for this Company, prepared by the attorney of this company for its adoption and use, and the Secretary having read same, they were discussed, changed and modified, after which they were then duly adopted by unanimous vote. In like manner it was resolved that the Secretary be directed to insert such by-laws in the shareholders' minute book following the general minutes of this meeting, to be there signed, as well as in the duplicate minutes of this meeting, by all stockholders present thereat."

Form No. 5 (in Spanish).—"El Sr. Thomas K. Bell presento un proyecto para los Estatutos de ésta Compañía, preparados por el abogado de la misma para su adopción y uso, y el Secretario habiéndolos leído, los puso á discusión, y fueron cambiados y modificados, después de lo cual fueron debidamente adoptados por voto unánime. En la misma forma se resolvió que fuera ordenado el Secretarió á hacer un inciso de los Estatutos en el Libro de Actas de Accionistas á continuación de las Actas generales de esta junta, para ser firmadas allí mismo así como también en las actas en duplicado de esta junta, por todos los accionistas presentes."

Form No. 6. Minutes of Election of Regular Directors.—Where directors, examiners and their substitutes have been named in the articles for a term beyond the first stockholders' meeting, it will, of course, be unnecessary to elect them in such meeting.

"The meeting then proceeded to the election of the regular directors for the Company, the following stockholders being elected by unanimous vote to serve as such directors for the term of one year, to be counted from the date of this meeting, and until their successors have been elected and qualified, to-wit: Thomas K. Bell, Mark B. Katze, George B. Moore, Albert H. Price and E. Dean Fuller."

Form No. 6 (in Spanish).—“La junta entonces prosiguió á la elección de los Consejeros Propietarios de la Compañía por lo cual los siguientes accionistas fueron electos por unanimidad de votos, para ocupar el puesto de Consejeros Propietarios por un término de un año, contados desde la fecha de esta junta, y hasta que sus sucesores hayan sido electos y debidamente autorizados: Thomas K. Bell, Mark B. Katze, George B. Moore, Albert H. Price y E. Dean Fuller.”

Form No. 7. Minutes of Election of Substitute Directors.—While substitute directors need not be provided for or elected (§126), yet this is customary in Mexico. Where provisions have been made therefor, the minutes of their election may be as follows:

“In like manner as above, and for like terms of office, the following were elected to serve as substitute directors in accordance with the provisions of the by-laws: Robert E. Ball and John H. Wintersmith.”

Form No. 7 (in Spanish).—“En la forma arriba indicada y por los mismos plazos, los siguientes fueron electos como Consejeros Suplentes de acuerdo con las estipulaciones de los Estatutos: Robert E. Ball y John H. Wintersmith.”

Form No. 8. Minutes of Election of Examiner.—“The meeting then proceeded with the election of the regular examiner for the Company, and Mr. Shirley J. Patton was elected by unanimous vote to fill such office for the period of one year, counted from this date, and until his successor shall have been elected and shall have qualified.”

Form No. 8 (in Spanish).—“La junta entonces prosiguió á la elección del Comisario Propietario para la Compañía, y el Sr. Shirley J. Patton fué electo por unanimidad de votos, para ocupar este puesto, por un periodo de un año, contado desde esta fecha, ó hasta que su successor haya sido electo y autorizado.”

Form No. 9. Minutes of Election of Substitute Examiner.

—What has been said as to substitute directors is equally applicable with substitute examiners.

“In like manner above, and for a like term of office, Mr. John B. McManus was elected to serve as substitute examiner of the Company, in accordance with the provisions of the by-laws.”

Form No. 9 (in Spanish).—“En la forma arriba indicada y por el mismo termino, el Sr. John B. McManus fué electo para ocupar el puesto de Comisario Suplente de esta Compañía de acuerdo con las estipulaciones de los Estatutos.”

Form No. 10. Conclusion of Minutes.—“There being no further business to be brought before the meeting, same was declared adjourned, the meeting having first resolved that these minutes be drafted and be signed in duplicate by all stockholders present thereat.”

THOMAS K. BELL.

GEORGE B. MOORE.

ALBERT H. PRICE.

E. DEAN FULLER.

MARK B. KATZE.

Form No. 10 (in Spanish).—“No habiendo otro asunto de que tratar, se levanto la sesión, habiendose resuelto anteriormente que estas minutas se extiendieran y se firmaran en duplicado por todos los accionistas presentes en dicha junta.”

CHAPTER XXIV.

FORMS FOR BY-LAWS.

The following form for the by-laws of a Company, may, of course, be remodeled to suit the desires of the stockholders, or the needs of the company organization.

Chapter I.

Form No. 11. The By-Laws.—Article 1.—The Industrial Savings and Loan Company, Incorporated, was organized by public document executed before Notary Heriberto Molina on the 16th day of March, 1911. It has in general for its object, the purchase and sale of lands, to make loans and mortgages, to effect bank operations, to receive deposits and to perform the further objects set forth in its articles of incorporation.

Art. 2. The domicile of the Company shall be in the City of Mexico, but it may operate in any other part of the Republic. The stockholders are subject to the exclusive jurisdiction of the courts of this capital and of the laws of the Federal District in every matter which has to do with the Company, expressly and absolutely renouncing any other domicile for any purposes whatsoever.

Art. 3. The life of the Company is fixed at ninety-nine years, which shall be counted from the 17th day of March, 1911, and with said date shall begin the operations of the Company.

Art. 4. The dissolution of the Company will be effected in the cases and in the manner expressed in Article 74 of these by-laws.

Chapter II.

The Shares of Stock.

Art. 5. The capital of the company is the sum of \$100,000 divided into 1000 shares of stock, of the par value of \$100.00 per share.

Art. 6. Of the 1000 shares of the stock of the Company, 500 shares shall be issued as free stock to the founders of the Company who execute the articles of incorporation of this Company, and are issued for their services in organizing same; the remaining 500 shares will be paying shares, and the owners thereof will pay 90 per cent which is still unpaid thereon, when such payments have been decreed by the Board of Directors in accordance with the provisions of the by-laws.

Art. 7. All of the shares of stock will be issued to the bearer; the free shares shall be numbered one to five hundred; and the paying shares shall be numbered 501 to 1000 inclusive.

Art. 8. Each share of stock must be authorized with the autograph signatures of the President or Vice-President and of the Secretary of the Company.

Art. 9. The shares of the Company shall be indivisible, and for this reason when two or more persons are the owners of shares of stock, they will observe the requirements of Article 182 of the Code of Commerce.

Art. 10. Neither the stockholders of the company nor the company itself, will have the right of preference in the purchase of the stock of the company when one of the stockholders desires to dispose of his interest therein.

Art. 11. The joint owners of a share of stock of the company will name a common representative and in the event they can not agree upon one, then the courts shall have power to name same.

Art. 12. A person who acquires a share of stock of the company will take all of the rights and obligations of his grantor, the company being in no manner obligated by the agreements between the parties with reference to such transfers.

Art. 13. All transfers of shares shall be considered as unconditional, complete and without any reserve whatsoever upon the company.

Art. 14. The acquisition of a share of stock of the company implies the absolute conformity of the purchaser thereof with the articles, by-laws and the decisions taken by the stockholders' meetings and by the Board of Directors within their respective faculties.

Art. 15. The stockholders are not liable for the obligations of the company except to the amount of the value of their respective stockholdings; but the owners of stock are obliged to pay the value of their stock in accordance with the calls made by the Board of Directors in compliance with these by-laws; in the event of their failure to effect one or more of such calls as decreed by the company, such fact will cause the loss of the share and the company will proceed to sell same. From the product of such sale there will be paid the amount of the unliquidated calls, the costs which have resulted from such sale and those of a publication which will be made in the *Diario Oficial* of the Federal District announcing that the old share certificate is without value and that a new one will be issued in its stead to the new stockholder, as well as of the costs of the issuing of the duplicate and all further costs which arise by reason of the operation. The balance, if there be any, shall be delivered to the former owner. In this case, the company must apply any dividends which may be decreed, upon account of the unpaid call.

Art. 16. The stock shall be evidenced in printed certificates fulfilling the requirements set forth in Article 179 of the Code of Commerce.

Art. 17. In case of the loss or destruction of any share-certificate the company will not issue a new certificate except in the event that the court has made a final decree to such effect, the interested party paying the expenses incident thereto and the company being under no liability for any questions which may possibly arise between the owners of the old and of the new certificates. Until such questions may have been decided by the courts, all acts of the

company in which the legitimate owner of the new certificate takes part and all of the payments of dividends which may be made to him shall be legitimate and irrevocable; and the judgments of the court shall have no effect upon the company until the day in which it has been legally notified thereof.

Chapter III.

Stockholders' Meetings.

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Art. 18. The general meetings of stockholders shall be ordinary and extraordinary.

Art. 19. The ordinary meetings shall take place in the month of November of each year in the City of Mexico on the day fixed by the Board of Directors. The extraordinary meetings shall take place when the Board of Directors consider them advisable or when request therefor has previously been made in writing with thirty days of advance notice when asked for by the Examiner; or when stockholders representing not less than one-third part of the outstanding stock have requested same in an application stating therein the questions which are to be treated of at the meeting.

Art. 20. The Board of Directors, through the Secretary, shall effect the call for the meetings, both ordinary and extraordinary, publishing a notice for one time in the *Diario Oficial* (official daily) of the Government. Between the date of the publication of the notice of the meeting and the day set therefor, there shall intervene at least six days, except when the meeting is urgently required in the opinion of the Board of Directors, it will be sufficient if three days intervene between the publication and the date set for the meeting. The notice shall state the day and hour of the reunion; the order of the day, or in other words, the mention of all of the questions which are to be submitted to the deliberation of the meeting; and the place or places in which the deposits of stock are to be made.

Art. 21. In order to take part in the meetings of stockholders, the owners of shares must deposit them with the Secretary of the Board of Directors or in the place designated by the call for the meeting, and at least twenty-four hours before the date indicated for the holding of the meeting, such stockholders receiving in place of the stock which they have so deposited, an entrance ticket which will express the name of the stockholder and the number of votes which he possesses. After the meeting, the said entrance ticket will be used by the stockholder in order that in exchange therefor, he may secure the stock which he has deposited.

Art. 22. The stockholders may take part in the meetings through an attorney who may be authorized by a letter of authorization or proxy, except that such representative must not be a member of the Board of Directors. Those who hold a general power of attorney for the administration of the powers of a stockholder, as well as tutors, administrators of estates, and all other persons who by law or judicial action have been designated as such, shall be considered as legitimate representatives thereof. In all cases, the person who appears at a stockholders' meeting in representation of another, must show the authorization and the entrance ticket referred to in the previous article.

Art. 23. No person will be permitted to assist in the meeting unless he has secured the necessary ticket of admission, with the exception of the persons whom the Board of Directors may think proper to take part therein, in order to inform the meeting of the matters concerning which they are asked to make explanations.

Art. 24. The President of the Board of Directors shall preside at the stockholders' meetings, and the Secretary of such Board shall act as Secretary therefor; if the President be absent, then his place shall be filled by the Vice-President; and in the event he also be not present, then the chair shall be filled by other directors in the order in which

they were named. Should the Secretary not be present his office shall be performed by a stockholder to be designated by the meeting.

Art. 25. The Secretary assisted by two inspectors to be named by the meeting from the stockholders, shall effect the count of the stockholders present, in order to declare the meeting legally installed when there is a sufficient representation to vote on the propositions to be discussed, and for the elections that are to be made.

Art. 26. In order to declare the meeting legally installed by reason of the first call therefor, the representation of one-half of the capitalization must be had at the meeting. If the meeting cannot take place on the day indicated therefor, the call will be repeated, inserting in same the same order of the day and observing the further requisites of the first call for the meeting as well as advising that another or second call of the meeting shall be held, whatever part of the capital or number of the shares of the company be represented thereat.

Art. 27. The meeting having been installed, if, in the judgment of the stockholders present thereat it will be impossible to treat of all of the matters before the meeting because of insufficient time therefor, the meeting may be adjourned in order to continue same at another day or days, without it being necessary to issue new call therefor.

Art. 28. The meeting will have no power to treat of any matter which is not set forth in the call therefor; neither may it deliberate or effect any resolution on same. The meeting may change the order of the matters as set forth in the call.

Art. 29. The stockholders' meetings possess the following powers:

I. To name and relieve the members of the Board of Directors, the Examiners and the Liquidators; accept their resignations and elect their successors.

II. Declare, when they deem it proper, that said officials have incurred responsibility to the company on account of their acts, and name the persons who will be charged with enforcing such responsibility.

III. Discuss and approve or refuse to approve or modify, in view of the report rendered by the Examiner, the accounts which the Directors must render.

IV. Consider the condition of the business of the company in view of the reports presented by the Board of Directors.

V. Declare the distribution of the profits of the company in the event that this has not been previously done by the Board of Directors.

VI. Transfer the business or sell or effect loans upon the properties of the company; reduce or increase the capitalization and fix the basis therefor.

VII. Increase or reduce the number of shares, issue new certificates and exchange them for the old certificates.

VIII. Extend the life of the company.

IX. Dissolve the company before the expiration of the time fixed for its existence.

X. Decree the fusion of the company with another company.

XI. Change the object of the company.

XII. Decree modifications of any kind in the articles of incorporation or in these by-laws.

XIII. Complete or modify any resolution of the company.

Art.30. Each share of stock has the right to one vote in the stockholders' meetings.

Art. 31. The members of the Board of Directors will have no right to vote for the approval or disapproval of the accounts which they present, nor on any resolution affecting their personal or collective responsibility.

Art. 32. The voting shall be by ayes and nays unless three or more stockholders request that they be by ballot.

In the last case the ballots shall contain the signature of the person voting and the votes which he may cast.

Art. 33. The resolutions of the meeting shall be effected by an absolute majority of the stock entitled to vote.

Art. 34. In order to effect the resolutions to which Article 29 refers in its fractions II and fractions VII to XII, it will be necessary that there be represented in the meeting three-quarter parts of the capitalization of the company and that there be an unanimous vote of stockholders who represent one-half of said capital, except in the case mentioned in fraction II of Art. 74. Notwithstanding this, when the meeting takes place by reason of a second call therefor in accordance with the provisions of Art. 26, it may take action on any question, no matter what may be the representation thereat, such action being adopted by a majority vote of those present.

Art. 35. The resolutions of the stockholders' meetings which are taken in conformity to these by-laws shall be obligatory upon all of the stockholders, including those who are absent, those who dissent therefrom, and those who do not possess power of voting.

Art. 36. All of the acts of the stockholders' meetings whether they be ordinary or extraordinary, and of the reunions which for failure of a quorum have not taken place, shall be drafted in duplicate and shall be signed by the President or Vice-President, the Inspectors and by the Secretary. The minutes shall be entered in the minute book, and shall be preserved, with the duplicate thereof, by the Secretary, together with the lists of stockholders present; the copies of the papers in which appears the published notice of the call for the meeting; the reports of the accounts of the company, and all other documents presented to the meeting.

Art. 37. When an exact copy of the minutes is to be given these shall be certified to by the Secretary and approved by the President or Vice-President.

Chapter IV.

Administration of the Company.

Art. 38. The company shall be managed by a Board of Directors and by one Director-Manager or General Manager, who may be one of the Directors. The Board of Directors will be composed of five stockholder-directors, who shall be named by the stockholders' meetings; which may also elect an equal number of substitute directors.

Art. 39. The Board of Directors will elect from its members a President, a Vice-President, a Treasurer and a Secretary and it may determine that the two last offices may be conferred upon persons who are not members of the Board of Directors.

Art. 40. The Directors shall exercise their functions in person and not through others commissioned by them therefor.

Art. 41. In order to act as a Director, the person must have legal capacity to administer his properties and must be the owner of at least one share of the stock of this company. Such share shall be deposited in the custody of the company, and the owner thereof can not dispose thereof while exercising his office, said share remaining as a guarantee of his management until the approval of the accounts which have relation with the period in which he has exercised the functions of his office.

Art. 42. The Board of Directors shall hold ordinary sessions on the first Tuesday of each month, and shall hold extraordinary meetings when notified therefor by the President or by the Secretary, who will call them only when requested by not less than two Directors. The Board of Directors will hold its meetings in the City of Mexico. Its resolutions shall be contained in a minute book which shall be signed by the Directors and their substitutes who may have taken part therein and by the Secretary.

Art. 43. The Board of Directors may take legal action when three of its members are present; its resolutions shall be adopted by a majority vote; in the case of a tie the President shall cast the deciding vote.

Art. 44. All of the regular Directors are obliged to give opportune advice to the Secretary when they are about to absent themselves, and if they can not attend to their duties for more than one month then their place shall be supplied by substitute directors.

Art. 45. The temporary or total vacancies among the Board of Directors shall be filled by it from among the stockholders' substitute directors. These shall discharge their duties in the first case, until the return of the regular Director to his post; and in the second place, until the first meeting of stockholders which shall elect a regular Director.

Art. 46. The Board of Directors may excuse the members thereof upon their application, filling their places with substitute directors.

Art. 47. The members of the Board of Directors shall continue in their office for two years and may be re-elected. If for any reason the elections are not held at the time fixed, they will continue acting until such election has been effected.

Art. 48. The Directors whose successors have been elected shall be considered as extraordinary substitutes, if, following the election, any of the new directors should fail to present himself, and the newly elected directors and the new substitutes being insufficient to fill the Board of Directors.

Art. 49. The Board of Directors shall have the most ample faculties to effect all of the operations which are necessary because of the nature and object of the company. As indicating and not limiting the powers of the Board of Directors, the following powers are designated:

I. Administer the business and profits of the company.

II. Acquire and transfer all classes of articles and products for which the company is constituted.

III. Make, modify and rescind contracts.

IV. Effect settlements, agree to submit to arbitrators, renounce the exception of the domicile of the company and submit to the jurisdiction of other courts than those of the, domicile of the company.

V. Call meetings of the stockholders of the company, execute its orders and execute the faculties which such meetings may expressly confer upon them.

VI. Declare the nullity of shares of installment stock in accordance with the provisions of these by-laws.

VII. Represent the company before all authorities, whether municipal, administrative or judicial, possessing for such purposes the most ample faculties, including the right of questioning and of accepting judgments.

VIII. Name and remove the General Manager, direct his acts and give him instructions, to which he shall be bound.

IX. Name and remove attorneys, agents and employees of the company and fix their attributes, obligations and compensation.

X. Delegate its functions to one or various Directors, stating their attributes, in order that they may exercise them in the place and in the transactions which are indicated to them.

Art. 50. The members of the Board of Directors do not contract by reason of their offices any personal obligations with those who contract in the name of the company, and are only liable to the company for the exercises of their functions in accordance with the present by-laws.

Art. 51. The members of the Board of Directors shall receive as the only remuneration for their services, and in union with the Examiner, the sum of 5 per cent of the profits which have been obtained during their terms in office. This sum shall be divided proportionately to the number of meetings in which each of the directors has taken part.

Art. 52. The following are the powers and obligations of the President of the Board of Directors and of the Vice-President when serving as such:

I. To call extraordinary meetings of the Board of Directors when he believes it is necessary.

II. Preside at the meetings of the Board of Directors and at the stockholders' meetings.

III. Execute the orders of the Board of Directors.

IV. Sign the stock certificates and the minutes of the company.

Art. 53. The faculties which are conferred upon the President or Vice-President may be restricted by the stockholders or by the Board of Directors.

Art. 54. The Vice-President shall fill the office of the President in case of the temporary or permanent absence of the President.

Art. 55. The Treasurer shall have charge of the cash and of all of the fiduciary values of the company. He will have furthermore the following obligations:

I. Take charge of the daily cash and give the necessary notices to the Bookkeeper in order that he may make the proper entries.

II. Collect in proper time the letters of exchange, accounts, and any other documents belonging to the company.

III. Present to the Board of Directors a monthly statement of the cash of the company.

IV. Present to the Board of Directors at the proper time the general condition of the cash of the company, and a statement for the year for the regular stockholders' meeting.

V. Make all payments in the name of the company, requiring the proper proofs therefor or the corresponding statements of account.

VI. Safeguard in his power the funds and values of the company, or if the Board of Directors so determines, deposit

them in its name in an establishment of credit, and in such case he shall use checks or other documents to remove such funds or values of the company.

Art. 56. The Secretary shall have charge of the minute books, and will give statements of the business of the company to the President and to the Board of Directors and to the stockholders' meetings, as the case may be; he will issue the calls for the meetings of the Board of Directors and of the stockholders and will assist at the meetings; he will reduce to writing and certify to the minutes of the meetings, and will preserve same together with the respective documents; will communicate the resolutions which emanate from the stockholders' meetings and from the Board of Directors or from the President, and will preserve the files of the company in proper form.

Art. 57. The Director or General Manager will have the following powers:

I. Manage the properties and business of the company in accordance with the instructions of the Board of Directors; demand and receive payments; represent the company before the authorities and name and remove employees and attorneys of the company, fixing their attributes, obligations and compensations.

II. Use the company signature in correspondence and in the operations which may be authorized, according to his powers.

III. Execute the orders of the Board of Directors. The stockholders or the Board of Directors may extend or restrict the faculties of the Manager.

Chapter V.

Examiners.

Art. 58. There shall be a regular Examiner, and there may be a substitute examiner, who shall exercise his functions for two years and he may be re-elected.

Art. 59. The Examiner must exercise his office in person, and cannot delegate it to another.

Art. 60. In order to occupy the post of Examiner it is necessary to fulfill the requisites referred to in Art. 49 of these by-laws.

Art. 61. The following are the powers and obligations of the Examiners:

I. To exercise the right of vigilance referred to in Art. 199 of the Code of Commerce in all operations of the company, and examine, when he desires, the books and documents of the company.

II. Examine the annual balance which must be presented by the Board of Directors, and render the corresponding report to the stockholders' meeting.

III. Assist, if he so desires, in the meetings of the Board of Directors with right of voice but without vote, and assist at such meetings when he is called upon by the Board of Directors.

Art. 62. When the regular Examiner is absent or unable to act, the Board of Directors will call the substitute Examiner; and this shall also be done when the regular Examiner resigns, which resignation the Board of Directors may admit provisionally.

Art. 63. Always when for any motive whatsoever, the Examiner is not elected in opportune time, the previous Examiners shall exercise the office in the order in which they last served in such office.

Art. 64. The responsibility of the Examiners shall not be controlled by any rules which may be established by the Board of Directors.

Art. 65. The Examiners shall receive as remuneration for their services the sum which may be due them in accordance with Art. 51. These fees shall be divided between the regular and substitute Examiner in proportion to the period of time in which each of them may have fulfilled the charge of the office.

Chapter VI.

Distribution of Profits.

Art. 66. The first social year commences on the first day of April, 1911, and the other social years shall begin on the same day in the subsequent years.

Art. 67. At the end of each fiscal year the net profits which have been obtained shall be distributed in the following manner:

I. Five per cent shall be set aside to form the reserve fund which shall finally amount to \$20,000.

II. Five per cent shall be paid as the only remuneration to the members of the Board of Directors and of the Examiners who have fulfilled such offices during the time in which such profits have been obtained.

III. The rest shall be divided among the stockholders in proportion to the number of their shares, unless the stockholders' meeting shall otherwise determine. The losses shall be proportioned in the same manner, if there be any, in so far as the capitalization of the company may prove adequate.

Art. 68. Notwithstanding the provisions of the previous article, the Board of Directors may, before the end of the social year, divide a part of the profits when in their judgment the condition of the business of the company will permit this to be done in accordance with a previous balance.

Art. 69. The Board of Directors will be responsible for the safety of the funds of the company.

Art. 70. The Board of Directors is under obligations to see that the reserve fund is reconstructed when it has been diminished from any cause, and shall reconstruct it again with 5 per cent of the profits.

Art. 71. The reserve fund shall be employed as follows:

I. To pay the expenses of the business when the profits are insufficient for such purpose.

II. In meeting the urgent necessities of the company when these could not be foreseen.

III. To cover the extraordinary losses which the company may suffer.

Art. 72. All the payments of dividends shall be made in the City of Mexico at the times and in the places designated by the stockholders' meetings or by the Board of Directors; and the Board of Directors shall give notice of such fact through the publication of a notice thereof by the Secretary in the Diario Oficial of the Government.

Art. 73. The dividends which are not collected within five years from the dates in which they may be collected, shall be considered as renounced in favor of the company.

Chapter VII.

Dissolution and Liquidation of the Company.

Art. 74. The following are the reasons for which the company may be dissolved.

I. The expiration of the term fixed in Art. 3 of these by-laws unless such time be extended.

II. The loss of one-half of the capital of the company, always provided that the dissolution be approved by a stockholders' meeting by a vote of at least a majority of the stockholders, who represent one-half of the said capital.

III. The unanimous consent of stockholders representing one-half of the capital stock of the company at a meeting in which there is present three-fourths of capital stock. If the meeting is held pursuant to a second call therefor, then the absolute majority vote of those present may effect the dissolution whatever be the number of shares present thereat.

IV. The bankruptcy of the company legally declared.

Art. 75. The dissolution of the company having been determined upon at a meeting of the stockholders by an absolute vote, the liquidators shall be named, and if this is not done by such meeting, then they will be named by a civil judge of this city upon application of any of the stockholders.

Art. 76. During the time of the liquidation the stockholders' meetings will continue exercising the rights which it possesses.

Art. 77. The liquidators having accepted, the powers of the Board of Directors will cease, but they must, notwithstanding this fact, present to the liquidators all data and facts which may be necessary for the use of the former.

Art. 78. The following are the powers and obligations of the liquidators:

I. Approve the accounts which must be presented by the Board of Directors relating to the period of time which has passed between the last general balance, which was approved by the stockholders' meeting, and the opening of the liquidation.

II. Make a balance of the assets and liabilities of the company.

III. Represent the Company judicially and extra-judicially, but without effecting other operations than those which are necessary to liquidate and conserve the funds of the company and to conclude the business in the manner which they judge to be the most brief and convenient.

IV. Collect the credits and pay the debts of the Company.

V. Proceed to transfer by auction or otherwise the properties of the company if it be necessary in order to pay the debts of the company, and also to distribute the proceeds thereof among the stockholders, unless they shall resolve to effect some other division of the assets of the Company.

VI. Make deposit of the sums which have been collected and the products of the realization on the properties of the

Company, in some establishment of credit or in a commercial house of established reputation.

VII. Publish within three months the general balance and the amount which corresponds to each stockholder, it being understood that the following shall be the basis of the rights of the said stockholders:

A. Paying to the stock which is to be paid in cash, the amounts of the installments which have been paid on account therefor, with the exception of those which have been forfeited.

B. If, upon the conclusion of the payments above set forth, there still remains an unpaid balance on hand, then this shall be distributed equally between the paying shares and the free shares.

Said notice shall contain all of the details necessary and explanations, and shall be published for a term of thirty consecutive days in the Diario Oficial of the Government.

VIII. Issue orders in favor of the stockholders upon the establishment of credit or commercial house where the funds realized or collected have been deposited, directing the delivery of the part thereof which corresponds to such stockholders.

IX. Conclude the liquidation within the time fixed by the stockholders' meeting or by the judge who named the liquidators; but such term may be extended.

Art. 79. The stockholders may within the thirty days following the last day in which final balance was published present their claims to the liquidators, and such claims shall be resolved upon by the meeting of stockholders which the liquidators must call for such purpose.

Art. 80. At the expiration of the time fixed by the preceding article, and whether or not claims have been presented, or if the stockholders' meeting has taken action therein, the final balance shall be considered as approved, but the responsibility of the liquidators shall continue in all matters connected with the distribution of the Company assets.

Art. 81. The amount which belongs to the stockholders and which are not collected within two months, to be counted from the date in which the general balance is considered as approved, shall be deposited in some banking institution or in some commercial house of known credit.

The present by-laws were adopted in the first general stockholders' meeting of the Company which was held on the 17th day of March, 1911.

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Secretary.

Form No. 11 (in Spanish).—

Capitulo I.

Estatutos.

Art. 1. La Sociedad "Compañía Industrial de Ahorros y Prestamos Sociedad Anónima," ó Industrial Savings and Loan Company, Sociedad Anónima," fue constituída por escritura pública otorgada ante el Notario Heriberto Molina, á diecisiete de Marzo de mil novecientos once. Tendrá en general por objeto la compra-venta de terrenos, de efectuar préstamos é hipotecas, de hacer negocios bancarios, de recibir ahorros, y los demás objetos designados en la escritura constitutiva.

Art. 2. La Ciudad de México, será el domicilio de la Sociedad sin perjuicio de hacer operaciones en cualquiera otra parte de la República y á la exclusiva jurisdicción de los Tribunales de esta capital y á la legislación Vigente en el Distrito Federal, se someten expresamente los socios en todo lo concerniente á la Sociedad, con renuncia expresa y absoluta del fuero de su domicilio y de cualquiera otro, por privilegiado que sea.

Art. 3. La duración de la Sociedad se fija en noventa y nueve años que se contarán desde el día diecisiete de Marzo de mil novecientos once, desde cuya fecha empezarán las operaciones Sociales.

Art. 4. La disolución de la misma se verificará en los casos y de la manera que expresa el artículo senta y cuatro de estos Estatutos.

Capítulo II.

De Las Acciones.

Art. 5. La Sociedad se denominará “Compañía Industrial de Ahorros y Préstomas, Sociedad Anónima,” ó “Industrial Savings and Loan Company, Sociedad Anónima.”

Art. 6. El capital de la Sociedad se fija en cien mil pesos dividido en mil acciones de á cien pesos cada una. De las mil acciones, quinientas serán liberadas y corresponderán á los socios fundadores que subscribieron la escritura constitutiva de esta Sociedad, que se reserva por sus servicios rendidos para formarse este: y las quinientas acciones restantes serán por pagarse, y los tenedores de ellas exhibirán el noventa por ciento que adeuden cuando lo decrete el Consejo de Administración, con arreglo á estos Estatutos.

Art. 7. Todas las acciones son al portador y están marcadas las liberadas, con los números del uno al quinientos, y las por pagar, de quinientos uno al un mil inclusivo.

Art. 8. Cada acción deberá estar autorizada con la firma autógrafa del Presidente ó Vice-Presidente y Secretario de la Compañía.

Art. 9. Las acciones de la Compañía serán indivisibles, y por lo tanto cuando una ó más personas sean propietarias de una acción, se observará lo dispuesto en el artículo ciento ochenta y dos del Código de Comercio.

Art. 10. Ni los accionistas, ni la Compañía tendrán derecho al tanto, en el caso de enagenación de acciones.

Art. 11. Los co-propietarios de una misma acción nombrarán un representante común, y si no se pusieren de acuerdo en el nombramiento, éste lo hará la autoridad judicial.

Art. 12. Toda enagenación de acción se considerará incondicional, complete y sin reserva para la Compañía.

Art. 13. En consecuencia, el que adquiriera una acción tendrá todos los derechos y todas las obligaciones de sus causantes no obligando en manera alguna á la Compañía, los pactos especiales que medien al transmitirse la acción.

Art. 14. La adquisición de una acción implica la absoluta conformidad del adquirente con estos Estatutos y con las decisiones tomados por la Asamblea General y Consejo de Administración dentro de la esfera de sus respectivas facultades.

Art.15. Los accionistas no quedan obligados por las responsabilidades sociales, sino hasta el importe de sus acciones, pero los tenedores de acciones tienen obligación de pagar el importe de sus acciones según las exhibiciones que se decreten por el Consejo de Administración, con arreglo de estos Estatutos, y en case de la falta de pago de una ó más exhibiciones decretado por la Sociedad, producirá la pérdida de la acción, y se procederá á su venta, por la misma Sociedad. Del producto se pagarán de preferencia las exhibiciones adeudadas, los gastos que se hubieren originado para efectuar la venta, los de una publicación que se hará en el Diario Oficial del Distrito Federal, anunciando que queda sin valor el título original que se expide en duplicado al nuevo poseedor, los de la expedición del duplicado y todos los demás gastos que se hagan con motive de dicha operación. El resto si lo hay, se entregará al antiguo poseedor. En este caso la Sociedad tiene acción sobre los dividendos que se decreten, para hacer efectivo el pago de dichas exhibiciones.

Art. 16. Las acciones constarán en títulos impresos, contendrán las enunciaciones requeridas por el artículo ciento setenta y nueve del Código de Comercio.

Art. 17. En caso de extravío ó destrucción de algún título de acción, la Sociedad no extenderá duplicado, sino cuando una sentencia judicial ejecutoria se lo ordene, haciendo el interesado los gastos que se originen y sin que la Compañía sea responsable por las cuestiones que puedan surgir entre

los tenedores del antiguo y nuevo título. Mientras esas cuestiones no fueren definidas por los tribunales, todos los actos de la Compañía en que interviniera el tenedor legítimo del duplicado y todos los pagos que por dividendos se hicieren á él serán legítimos é irrevocables, no surtiendo efecto la sentencia respecto de la Compañía, sino desde el día en que se le notifique.

Capítulo III.

Asambleas Generales.

Art. 18. Las asambleas generales de accionistas serán ordinarias ó extraordinarias.

Art. 19. Las ordinarias tendrán lugar en el mês de Noviembre de cada año en la Ciudad de México, en la fecha que fija el Consejo. Las extraordinarias se verificarán cuando los estime conveniente el Consejo de Administración ó cuando previo aviso dado por escrito con treinta días de anticipación, se lo pida el Comisario á solicitud, cuando menos de los accionistas que representen la tercera parte de las acciones emitidas, debiendo expresarse en la solicitud las cuestiones que hayan de ser tratadas en la Asamblea.

Art. 20. El Consejo de Administración por medio de su Secretario, hará la convocatoria para las Asambleas ordinarias y extraordinarias; publicando los avisos una vez, en el Diario Oficial de la Federación. Entre la publicación hecha en el Diario Oficial y el día designado para la Asamblea, mediarán por lo menos seis días salvo que se trate de algún asunto urgente, á juicio exclusivo del Consejo, en cuyo caso bastará que medien tres días entre el día de la publicación y el día señalado para la Asamblea. La convocatoria contendrá el lugar, día y hora de la reunión, la Orden del Día, ó sea nota de todas las cuestiones que hayan de someterse á la deliberación de la Asamblea, y el lugar ó lugares en que deban depositarse las acciones.

Art. 21. Para poder asistir á la Asamblea general, los tenedores de acciones deberán depositarlas en la Secretaría

del consejo ó en el lugar que designe la convocatoria, cuando menos veinticuatro horas antes de la señalada para la celebración de la Asamblea recibiendo en cambio una tarjeta de entrada que exprese el nombre del accionista y el número de votos que correspondan á este. Terminada la reunión la tarjeta servirá al accionista para que á cambio de ella, le sean devueltas las acciones.

Art. 22. Los accionistas podrán concurrir á las asambleas por medio de apoderados, constituidos aún por simple carta poder, siempre que el mandatario no sea miembro del Consejo de Administración. Se considerarán como representantes legítimos de los accionistas, lo que tuvieren poder general de administración de bienes, los tutores, albaceas ó demás personas que por la ley ó providencia judicial tengan la representación del accionista. En todo caso, el que concorra por otro, deberá exhibir su título de personería y la tarjeta de entrada á que se refiere el artículo anterior.

Art. 23. No se permitirá la entrada á ninguna persona que no esté provista de la tarjeta respectiva con excepción de las personas que al Consejo de Administración estime conveniente que concurren, para informar á la Asamblea de los asuntos que haya de tratar.

Art. 24. Presidirá las Asambleas Generales el que fuera Presidente del Consejo de Administración, y funcionará cómo Secretario, el que lo fuere del mismo Consejo; si no concurre el Presidente, será suplido por el Vice-Presidente, y en defecto de éste, por los demás consejeros en el orden de su nombramiento. Faltando el Secretario sus funciones serán desempeñadas por el accionista que eligiere la Asamblea.

Art. 25. El Secretario auxiliado por dos escrutadores, que la reunión nombrará de entre los accionistas, hará los cálculos para declarar instalada la Asamblea, cuando haya representación bastante para votar las proposiciones que se discutan y para las elecciones que se verifiquen.

Art. 26. Para que se declare legitimamente instalada la Asamblea en virtud de la primera convocatoria, será necesario que en ella esté representada más de la mitad del capital social, ó sea del número total de acciones. Si la Asamblea no pudiera verificarse el día señalado para su reunión se repitirá la convocatoria, insertándose la misma orden del día y observándose los mismos requisitos para con la primera, más con la advertencia de que en la segunda junta quedará constituida la Asamblea, cualquiera que sea la porción del capital ó el número de acciones representadas por los concurrentes.

Art. 27. Una vez instalada la Asamblea, si no pudiere, á juicio de la misma, por falta de tiempo ó por cualquiera otra causa, resolver todos los asuntos para que fué convocada, podrá suspenderse la sesión para proseguirla en otro ú otros días sin necesidad de nueva convocatoria.

Art. 28. Ningun asunto que no esté anunciado en la Orden del Día de la convocatoria, podrá ser tratado, deliberado ni resuelto por la Asamblea. Esta podrá variar el orden en que deban tratarse los asuntos, anunciados en la convocatoria.

Art. 29. Son atribuciones de la Asamblea General:

I. Nombrar y remover á los miembros del Consejo, al Comisario y á los liquidadores; aceptar las renunciaciones que los mismos le presentaren y elegir á las personas que deban substituirse.

II. Declarar que, á su juicio, los mismos funcionarios han incurrido en responsabilidad y nombrar á las personas encargadas de exigírsela.

III. Discutir y aprobar, reprobar ó modificar, en vista del informe producido por el Comisario, las cuentas que debe presentar el Consejo.

IV. Deliberar, en vista del informe presentado por el Consejo, acerca del estado de la negociación.

V. Decretar el porte de utilidades, si antes no lo hubiere hecho el consejo.

VI. Enagenar la negociación ó enagenar ó gravar los bienes que le pertenezcan; reducir ó aumentar el capital social, fijando las bases para efectuarlo.

VII. Aumentar ó reducir el número de acciones, emitir nuevos títulos y cambiarlos por los anteriores.

VIII. Prorrogar la duración de la Sociedad.

IX. Disolverla anticipadamente.

X. Decretar su fusión con otra Compañía.

XI. Cambiar el objeto de la Sociedad.

XII. Decretar cualquiera modificación de la escritura social ó de los presentes Estatutos.

XIII. Llevar á cabo ó ratificar cualquier acto de la Sociedad.

Art. 30. En las Asambleas Generales cada acción tendrá derecho á un voto.

Art. 31. Los miembros del Consejo de Administración no tendrán voto en la aprobación ó reprobación de las cuentas que presentaren, ni en resolución alguna que afecte su responsabilidad personal ó colectiva.

Art. 32. Las votaciones serán económicas, á menos que tres ó más accionistas, pidan que sean nominales ó por cédulas. En este último caso, las cédulas contendrán la firma del elector y el número de votos que correspondan á éste.

Art. 33. Las resoluciones de la Asamblea se tomarán á mayoría absoluta de votos de las acciones computables.

Art. 34. Para dictar las resoluciones á que se refiere el artículo 29 en sus fracciones II y VII á XII, será necesario que en la Asamblea estén representadas las tres cuartas partes del capital social y el voto unánimo de los accionistas que representen la mitad de dicho capital, salvo el caso de la fracción II del artículo 74. Sin embargo cuando la Asamblea se haya constituido mediante segunda convocatoria, según se expresa en el artículo 26, podrá dictar toda clase de resoluciones cualquiera que sea el número de las acciones representadas bastando el voto de la mayoría absoluta de los concurrentes.

Art. 35. Las resoluciones de las Asambleas Generales dictadas con arreglo á estos Estatutos, serán obligatorias para todos los accionistas, aún para los ausentes, disidentes ó incapacitados.

Art. 36. Todas las actas de las Asambleas ordinarias y extraordinarias y de las reuniones que por falta de cuorum no hubieren podido constituirse en Asamblea, se levantaran por duplicado y serán firmadas por el Presidente ó Vice-Presidente, los escrutidores y el Secretario. El acta se asentará en el libro y con el duplicado se formará un cuaderno para su conservación en la Secretaría, en unión de la lista de presencia, los ejemplares de los periodicos en que aparezca publicada la convocatoria, los informes, las cuentas y los demás documentos de la Asamblea.

Art. 37. Cuando hubiere de darse copia exacta de alguna acta será certificada por el Secretario y visada por el Presidente ó Vice-Presidente del consejo.

Capítulo IV.

Administracion de la Sociedad.

Art. 38. La Sociedad será regida por un consejo de Administración y por un Director ó Gerente General, que podrá ser uno de los Consejeros. El Consejo está compuesto de cinco Vocales propietarios, nombrados por la Asamblea general; podrá elegir igual número de suplentes.

Art. 39. El Consejo de su seno, elegirá un Presidente, un Vice-Presidente, un Tesorero y un Secretario, á no ser que determinare que estos dos últimos cargos sean confiados á personas distintas de los Consejeros.

Art. 40. Los Consejeros desempeñarán su encargo personalmente, y no por medio de comisionados, apoderados ú otras personas.

Art. 41. Para fungir como miembro del Consejo de Administración se necesita tener capacidad legal para administrar sus bienes y ser propietario, cuando menos de (1) una ac-

ción de la Compañía . Estas se depositarán en la caja de la Sociedad sin que pueda disponer de ellas el propietario durante su encargo, permaneciendo como garantía de su manejo hasta la aprobación de las cuentas relativas al periodo en que haya ejercido.

Art. 42. El Consejo se reunirá en sesión ordinaria el primer Martes de cada mes y en extraordinaria siempre que se cite por el Presidente ó el Secretario, quien deberá hacerlo unicamente cuando menos á solicitud de los consejeros. El Consejo celebrará sus sesiones en México; sus resoluciones se consignarán en un libro de actas, las cuales iran firmadas por los Consejeros y suplentes que hubieren concurrido, y por el Secretario.

Art. 43. El Consejo funcionará válidamente con la concurrencia de tres de sus miembros; las resoluciones del mismo se tomarán por mayoría de votos; en caso de empate el Presidente tendrá voto de calidad.

Art. 44. Es obligación de todos los miembros propietarios del Consejo, dar oportuno aviso al Secretario siempre que teniendo que ausentarse ó estando impelidos por más de un mes deban ser substituidos por los suplentes.

Art. 45. Las vacantes temporales ó absolutas que hubiere en el Consejo serán cubiertas por el mismo eligiendo de entre los accionistas á los vocales suplentes. Estos funcionarán en el primer caso hasta que los propietarios vuelvan á hacerse cargo de su puesto, y en el segundo hasta la proxima Asamblea ordinaria que haga el nombramiento de Consejeros propietarios.

Art. 46. El Consejo podrá admitir provisionalmente las renunciaciones que le presenten los vocales, cubriendo intenuamente las vacantes con los suplentes, en el orden establecido.

Art. 47. Los miembros del Consejo de Administración durarán en su encargo dos años, pudiendo ser reelectos. Si por cualquier motivo no se hiciere la elección en el plazo establecido, seguirá funcionando el mismo Consejo, hasta que se verifique aquella.

Art. 48. Los miembros del Consejo cesante se tendrán como suplentes extraordinarios de los nuevos, si hecha la elección alguno de los electos no se presentare á funcionar y el consejo no pudiere completarse con los suplentes nuevamente nombrados.

Art. 49. El Consejo de Administración tendrá las más amplias facultades para llevar á cabo todas las operaciones que haya necesarias la naturaleza y el objeto de la Sociedad. De una manera enunciativa y no limitativa, se señalan las siguientes atribuciones:

- I. Administrar los negocios y bienes de la Compañía.
- II. Adquirir y enagenar todo género de artículos ó efectos para el fin que se constituye la Sociedad.
- III. Celebrar, modificar y rescindir contratos.
- IV. Transiguir, comprometer en árbitros, renunciar el domicilio de la Sociedad y someterla á otra jurisdicción.
- V. Convocar á Asambleas generales de accionistas, ejecutar sus acuerdos y usar de las facultades que ellas les confieren expresamente.
- VI. Declarar la caducidad de acciones pagadoras con arreglo á los Estatutos.
- VII. Representar á la Sociedad ante las autoridades administrativas, municipales y judiciales, con el poder más amplio, inclusivo el de articular y conseguir sentencias.
- VIII. Nombrar y remover al Director General, vigilar su gestión y darle instrucciones á las cuales estará subordinado.
- IX. Nombrar y remover apoderados, agentes y empleados de la Sociedad y fijarles sus atribuciones, obligaciones y emolumentos.
- X. Delegar sus facultades en uno ó varios Consejeros, señalándoles sus atribuciones para que las ejerzen en los lugares y negocios que se les designen.

Art. 50. Los miembros del Consejo no contraen por razón de su encargo, obligación alguna personal para con las que contraten con la Sociedad y sólo responden á ésta de la

ejecución de su mandado con arreglo á los presentes Estatutos.

Art. 51. Los miembros del Consejo de Administración percibirán como única remuneración de sus servicios, en unión del Comisario, el cinco por ciento de las utilidades que se hubieren obtenido durante el tiempo en que hayan estado en ejercicio. Esa cantidad se dividirá en proporción al número de sesiones á que cada uno de los Consejeros hubiere concurrido.

Art. 52. Son atribuciones y deberes del Presidente del Consejo y del Vice-Presidente, en su caso :

I. Convocar á sesión extraordinaria del Consejo, cuando lo estime conveniente.

II. Presidir las sesiones del Consejo y las de la Asamblea de Accionistas.

III. Ejecutar los acuerdos del Consejo.

IV. Firmar las acciones, certificados y actas de la Compañía.

Art. 53. Las facultades que el artículo anterior concede al Presidente y Vice-Presidente, podrán restringirseles por la Asamblea de accionistas ó por por el Consejo de Administración.

Art. 54. El Vice-Presidente substituirá al Presidente en sus faltas temporales ó accidentales.

Art. 55. El Tesorero tendrá á su cargo el movimiento de caja y todos los valores fiduciarios de la Compañía. Tendrá, además, las obligaciones siguientes :

I. Llevar la cuenta de caja al día y dar oportunamente los datos necesarios al Tenedor de Libros para que haga los asientos respectivos.

II. Cobrar oportunamente las letras, facturas ó cualesquiera otros documentos pertenecientes á la Compañía.

III. Presentar al Consejo un corte de caja mensual.

IV. Presentar el Consejo, con la oportunidad debida el estado general de la caja y resumen del año para la Asamblea General ordinaria.

V. Hacer los pagos á nombre de la Compañía exigiendo los comprobantes ó facturas correspondientes.

VI. Guardar en su poder los fondos y valores de la Compañía ó, si el Consejo lo determinare, depositarlos á nombre de ella en un establecimiento de crédito, y en ese caso operar por medio de cheques ú otros documentos la extracción de dichos fondos y valores de la Compañía.

Art. 56. El Secretario tendrá á su cargo los libros de actas, dará cuenta con los negocios al Presidente, al Consejo y á las Asambleas, según el caso; citará al Consejo á la Asamblea y asistirá á las juntas; redactará y autorizará las actas relativas integrándolas con los documentos respectivos, comunicará los acuerdos que emanen de las Asambleas, del Consejo ó del Presidente y guardará el archivo debidamente ordenado.

Art. 57. El Director ó Gerente General tendrá las facultades siguientes:

I. Administrar los bienes y negocios de la Sociedad, con arreglo á las instrucciones que recibiere del Consejo, reclamar y recibir pagos; representar á la Sociedad ante las autoridades y nombrar y remover empleados y apoderados de la Sociedad, fijándoles sus atribuciones, obligaciones y emolumentos.

II. Llevar la firma social en la correspondencia y en los negocios que autorize, según sus atribuciones.

III. Ejecutar los acuerdos del Consejo de Administración. La Asamblea ó el Consejo, podrán ampliar ó restringir las facultades del gerente.

Capítulo V.

Comisarios.

Art. 58. Habrá un comisario propietario y además podrá haber otro suplente, que durará en su encargo dos años, pudiendo ser reelecto.

Art. 59. El Comisario desempeñará su encargo por si mismo, sin poderlo delegar en persona alguna.

Art. 60. Para fungir de Comisario, se requiere llenar los requisitos á que se refiere al artículo 49 de estos Estatutos.

Art. 61. Son atribuciones y deberes del Comisario:

I. Ejercer el derecho de vigilancia á que se refiere el artículo 199 del Código de Comercio sobre todas las operaciones de la Sociedad, inspeccionando siempre que lo crea conveniente, los libros y documentos de la Compañía.

II. Examinar el balance anual que debe presentar el Consejo de Administración y rendir su correspondiente informe á la Asamblea.

III. Asistir si lo quisiere á las reuniones del Consejo con voz, pero sin voto, y asistir á las mismas, obligatoriamente, cuando fuere llamado por dicho Consejo.

Art. 62. Cuando el comisario propietario se encuentre ausente ó impedido, el Consejo de Administración llamará al suplente; lo mismo sucederá cuando el propietario presente su renuncia, que provisionalmente podrá admitírsela el Consejo.

Art. 63. Siempre que por cualquier motivo no se haga á su debido tiempo el nombramiento del Comisario, en su defecto funcionarán los de los años anteriores, comenzando por el más próximo.

Art. 64. La responsabilidad del Comisario se regirá por las reglas establecidas para los miembros del Consejo de administración.

Art. 65. Los comisarios disfrutarán como remuneración de sus servicios la cantidad que les correspondiere de acuerdo con el artículo 51. Este honorario se repartirá entre el propietario y el suplente en proporción al período de tiempo que hubieren desempeñado el cargo.

Capítulo VI.

Distribuciones de Utilidades.

Art. 66. El primer año social, comenzó el primero de Abril de mil novecientos once, y los demás ejercicios principiarán en la misma fecha de los años subsecuentes.

Art. 67. Al terminar cada año ó ejercicio social, las utilidades netas que se obtuvieren se distribuirán de la siguiente manera:

I. Un cinco por ciento será separado para formar el fondo de reserva que en definitiva ascenderá á veinte mil pesos.

II. Un cinco por ciento se pagará como única remuneración á los miembros del Consejo de Administración y Comisario que hubieren estado en ejercicio durante el tiempo en que se hayan obtenido las utilidades.

III. El resto se dividirá entre los accionistas, en proporción al número de sus acciones, á menos que la Asamblea General determine otra cosa. En la misma proporción se repartirán las pérdidas, si las hubiere, y hasta donde alcance el capital social.

Art. 68. No obstante lo dispuesto en el artículo anterior el Consejo de Administración antes de que termine cada ejercicio social, podrá repartir parte de las utilidades, cuando á juicio del mismo lo permita el estado de los negocios de la Compañía y previo balance.

Art. 69. Al Consejo le corresponde cuidar de la seguridad del fondo de reserva.

Art. 70. Al mismo Consejo corresponde cuidar de que el fondo de reserva sea reconstituido cuando haya sufrido disminución cualquiera que se la causa destinándole de nuevo un cinco por ciento de las utilidades.

Art. 71. El fondo de reserva se empleará:

I. En los gastos de la negociación en cuanto los productos de la misma no basten para su objeto.

II. En proveer á las necesidades urgentes ó imprevistas de la Compañía.

III. En cubrir las pérdidas extraordinarias que sufra la misma.

Art. 72. Los pagos de los dividendos se harán en la Ciudad de México, en las épocas y lugares que designe la Asamblea ó el Consejo y que éste, por conducto de su Secre-

tario dará á conocer á los accionistas por medio de una publicación que se hara en el Diario Oficial de la Federación.

Art. 73. Los dividendos no cobrados en los cinco años posteriores á la fecha en que hubieren sido exigibles, se entenderán renunciados á favor de la Compañía.

Capítulo VII.

Disolucion y Liquidacion de la Sociedad.

Art. 74. Son causas de disolución social:

I. La expiración del plazo fijado en el artículo 3 de estos estatutos, si no se prorrogare.

II. La pérdida de la mitad del capital social siempre que la disolución sea aprobada en la Asamblea General, cuando menos por el voto de la mayoría de los accionistas que representen la mitad de dicho capital.

III. El consentimiento unánimo de los accionistas que representen la mitad del capital social en asamblea en que; estén representadas las tres cuartas partes de dicho capital si la Asamblea se reuniere en virtud de segunda convocatoria bastará el voto de la mayoría absoluta de los concurrentes cualquiera que sea el número de sus acciones.

IV. La quiebra de la Sociedad legalmente declarada.

Art. 75. Al disolverse la Sociedad la Asamblea General de Accionistas por mayoría absoluta de votos, hará el nombramiento de liquidadores y no haciéndolo serán nombrados por el juez de lo Civil de esta capital que fuere requerido por cualquiera de los socios.

Art. 76. Durante el periodo de la liquidación, la Asamblea continuará ejerciendo los derechos que le correspondan.

Art. 77. Aceptado el nombramiento de los liquidadores, cese el mandato de los administradores debiendo sin embargo prestar á los primeros todos los datos y concurso que necesiten para su gestión.

Art. 78. Son facultades y obligaciones de los liquidadores:

I. Aprobar las cuentas que deben presentar los administradores, correspondientes al período corrido entre el último balance aprobado por la asamblea y la apertura de la liquidación.

II. Hacer el balance del activo y pasivo social.

III. Representar judicial y extrajudicialmente á la Sociedad, pero sin hacer más operaciones que las necesarias para liquidar y conservar el patrimonio social y concluir los negocios de la manera que juzgare más breve y conveniente.

IV. Cobrar los créditos y pagar las deudas de la Sociedad.

V. Proceder á la enagenación en almoneda ó fuera de ella de los bienes sociales si cree necesario para cubrir el pasivo y también para distribuir el precio entra los accionistas á no ser que éstos acordaren otro medio de división de los bienes.

VI. Depositar en un establecimiento de crédito ó casa comercial de reconocida reputación, las sumas que se hubieren cobrado y el producto de los bienes realizados.

VII. Publicar dentro de término de tres meses el balance general y la parte que á cada acción corresponda, en el concepto de que el activo liquidado deberá distribuirse entre los tenedores de las acciones bajo las siguientes bases:

A. Pagando á las acciones pagadoras hasta el importe total exhibidos sobre dichas acciones no caducadas.

B. Si al concluirse dicho pago, resulta un saldo para distribuirse, éste será distribuido igualmente entre las acciones liberadas y pagadoras.

Dicha publicación que contendrá todos los pormenores y explicaciones necesarias se hará durante treinta días seguidos en el Diario Oficial de la Federación.

VIII. Expedir á favor de los socios la orden para que el establecimiento de crédito ó casa de comercio donde estén depositados los valores realizados ó cobrados, les entregue la parte que les corresponda.

IX. Concluir su encargo dentro del término que les marque la Asamblea ó el Juez que hiciere su nombramiento, sin perjuicio de que ese término les sea prorrogado.

Art. 79. Los accionistas en los treinta días siguientes al último en que se publique el balance final, podrán presentar sus reclamaciones á los liquidadores las cuales se resolverán por la Asamblea de accionistas que los liquidadores deberán convocar al efecto.

Art. 80. Expirado el plazo de que habla el artículo anterior ya sea que no haya habido reclamaciones ó que éstas hubieren sido resueltas por la Asamblea, el balance final se considerará aprobado, quedando vivas las responsabilidades de los liquidadores en todo lo que se refiera á la repartición del activo social.

Art. 81. Las sumas que pertenezcan á los accionistas y que no fueran cobradas en el transcurso de dos meses, contados desde el día en que el balance se considere aprobado, se depositarán en cualquiera institución bancaria ó casa de comercio de reconocido crédito.

Los presentes Estatutos fueron aprobados en la primera Asamblea General de la Sociedad, celebrada el día diecisiete de Marzo de mil novecientos once.

Form No. 12.. Certificate to By-Laws.

"We, the undersigned, being the owners of all of the capital stock of the International Building and Loan Company, Incorporated, as represented at the First Stockholders' Meeting of said Company, held in Mexico City on the twenty-second day of March, nineteen hundred and eleven, do hereby certify that the foregoing is a true and correct copy of the By-Laws of said Company as adopted at such meeting."

THOMAS K. BELL,
GEORGE B. MOORE,
ALBERT H. PRICE,
MARK B. KATZE,
E. DEAN FULLER.

Form 12. (In Spanish.)

“Nosotros, los suscritos, siendo los tenedores de todo el capital social de la International Building and Loan Company, Sociedad Anónima, según se representó en la Primera Junta General de Accionistas de dicha Compañía, verificada en la Ciudad de México el día veinte y dos del mes de Marzo de mil novecientos once, por la presente certificamos que lo que antecede es una copia verdadera y exacta de los Estatutos de dicha Compañía que se adoptaron en dicha junta.”

CHAPTER XXV.

FORMS FOR STOCK CERTIFICATES.

A company may make use of one form of stock certificate or it may require several, as one or more classes of stock have been provided for in its Articles, giving various rights to the holders thereof. The scope of the possibilities for the creation of such stock is so large that it would hardly prove useful to give other forms than those ordinarily in use.

The following forms are, therefore, given, as applied to the same company, one of the forms being for fully-paid "bearer stock" (§94), and the other with assessment "holder stock." (§99.)

It will be remembered that the stock certificate must contain certain extracts from the Articles and from the By-Laws. (§89.)

Form No. 13. Front of "Holder" Stock Certificate.

"Certificate No. 1. 25 Shares."

Puebla Tanning Company, Incorporated.

Capital Stock, \$100,000.00.

Domicile; Mexico, D. F.

This is to certify that Robert H. Robertson is the owner of **Twenty-Five** Shares, each of the par value of One Hundred Pesos, of the capitalization of One Thousand Shares of this Company, as shown by the Articles of Incorporation hereof, executed before Notary Heriberto Molina, of Mexico, under date of January second, nineteen hundred and eleven, and that there has been paid on account hereof the sums endorsed hereon. This certificate is subject to the terms of said articles and of the by-laws of the Company, extracts of which appear on the reverse hereof."

Mexico, D. F. February 1st, 1911.

J. H. HOGARTH, Secretary.

R. H. ROBERTSON, President.

This certificate should bear cancelled revenue stamps of Mexico City (or the domicile of the Company, where the certificate is issued), at the rate of 2 cents for every \$20.00 of value expressed therein:—25 shares at \$100.00 par value each; total expressed value, \$2500.00; stamps, \$2.50.

Form No. 13 (in Spanish).—“Este documento sirve para certificar que el Sr. Robert H. Robertson es dueño de veinte y cinco acciones de valor á la par de cien pesos cada una, de las mil acciones en que está dividido el Capital Social de esta Sociedad, según demuestran la **Escritura Social** extendida ante el Notario Heriberto Molina, de la Ciudad de México, con fecha dos mes de Enero de mil novecientos once, y se han pagado a cuenta las sumas que se encuentran al dorso de la presente. Estas acciones están sujetas á los derechos y obligaciones de la Escritura Constitutiva de la Sociedad y los Estatutos de ésta, extractos de los cuales constan al dorso de este Certificado.

México D. F. Febrero 1 de 1911.

R. H. ROBERTSON,
Presidente.

J. H. HOGARTH,
Secretario.

Form No. 14. For Transfer of Holder Stock.

The reverse of the above stock certificate should contain a form for transfer thereof, with blank space for naming of a person to effect such transfer on the stock book of the company, where transfer is so effected. Neither is necessary, however, as the actual transfer of this class of stock takes place in the stock book. (§104.)

Where this form of transfer is used, a 5-cent revenue stamp should be placed thereon, and should be canceled.

“For value received.....hereby sell,
assign and transfer unto.....
shares of the capital stock represented by the within certifi-

cate and do hereby irrevocably constitute and appoint
to transfer the
 said stock on the books of the within named corporation,
 with full power of substitution in the premises.

Dated..... 191...

Signature.....

In presence of.....

Form No. 14 (in Spanish).

“Por la presente traspaso á.....
 de las acciones del capital social representadas por este
 certificado, é irrevocablemente nombro á.....
como mi apoderado para tras-
 pasar estas acciones en los libros de la Sociedad, con pleno
 poder de substitución.

Fechada en....., el día.....de 191...

Testigos.

Firma.

Form No. 15. Stock Book for Holder Shares.

While the law requires the keeping of a stock book where
 stock is issued to holder (§100), this may be kept in such
 manner as desired, providing it meets the requirements of
 form as to contents. It is, therefore, customary to cause the
 certificates to be printed with stubs, from which they are
 detached, such stubs being used for stock book records.

“For.....shares, dated....., 191..
 issued to.....
 issued against surrendered Certificate No..... Re-
 ceived the above certificate this.....day of.....
, 191... This certificate cancelled
, 191... Certificates issued
 in its stead as follows:No.....
 for.....shares.”

Form No. 15. (in Spanish).

“Accionista Sr....., Certificate
 No..... Por..... Acciones, Tras-
 pasado por..... del Certificado No.
 Fecha..... de 191..
 Recibí..... Traspasada á.....
 Fecha..... Acciones Por el Cer-
 tificado No.....

Form No. 16. Annotations on Stock Book for Qualifying Shares.

Where holder shares are issued, it is required that the stock book show the shares which have been deposited by the directors and the examiner to qualify them in their offices. (§101.)

“This is to certify that Robert H. Robertson has this day made deposit with the Secretary of this Company, of share certificate No. 1 for twenty-five shares, with which deposit he has qualified himself in his office of Director hereof.

Mexico, January 3rd, 1911.

J. H. HOGARTH,
 Secretary.”

Form No. 16 (in Spanish).—“La presente sirve para certificar que el Sr. Robert H. Robertson con esta fecha ha depositado con el Secretario de la Compañía, el certificado No. 1 por 25 acciones, con cuyo depósito se ha habilitado el puesto de Director en ésta Compañía.

México, Enero 3 de 1911.

J. H. HOGARTH,
 Secretario.”

Form No. 17. Bearer Stock Certificates.

It is not required that a stock book be kept where bearer shares are issued, as title thereto passes through mere delivery of the certificate. (§95.)

“Certificate No. 1. 1 Share.

Puebla Tanning Company, Incorporated.

Capitalization: \$100,000.00.

Domicile: Mexico D. F.

This is to certify that the bearer hereof is the owner of one share of the capital stock of the above Company, which is divided into one thousand shares, of the par value of one hundred pesos each, fully paid, as shown by the articles of incorporation of said Company, executed before Notary Heriberto Molina, of Mexico D. F., on the second day of January, 1911, extracts of which articles and of said by-laws of the Company appearing on the reverse hereof.

Mexico D. F., February 1st, 1911.

ROBERT H. ROBERTSON,

J. H. HOGARTH,

President.

Secretary.

This certificate should contain 10 cents in revenue stamps of Mexico City, properly canceled.

Form No. 17. (in Spanish).—“Este documento sirve para certificar que El Portador es dueño de una accion enteramente pagado, por valor de cien pesos de las mil acciones en que está dividido el Capital Social de esta Sociedad, con valor á la par de cien pesos cada una, según consta la Escritura Constitutiva de la Sociedad, hecha en la Ciudad de México ante el Notario Heriberto Molina, el día dos de Enero de mil novecientos once, extractos de los cuales juntos con extractos de los Estatutos, constan al dorso de este certificado.”

México, D. F. Febrero 1ro de 1911.

ROBERT H. ROBERTSON,

J. H. HOGARTH,

Presidente.

Secretario.

Form No. 18. Extracts from Articles and By-Laws.—“Extracts from the by-laws of the Seguranza Mining Company, Incorporated, organized by public document dated the 1st of October, 1907, executed before Notary José S. Reyes, with a capitalization of \$350,000.00, for a period of ninety-nine years.

No provision is made as to how much of the articles and by-laws must appear on the stock certificates, other than that they shall show the rights of the holder thereof. It is customary to limit same to the barest facts.

Form No. 18 (in Spanish).—“Artículos relativos de los Estatutos de la “Seguranza Mining Company” Sociedad Anónima, constituida por escritura pública de 1 de Octubre de 1907, otorgada ante el Notario Licenciado José S. Reyes, con capital social de \$350,000.00, trescientos cincuenta mil pesos, siendo de noventa y nueve años el termino de su duración.

Chapter II.

Capitalization, Stock Certificates and Stockholders.

Art. 2. The capital stock set forth in the fifth clause of the articles of incorporation, may be either diminished or increased in conformity with a majority of the shares in force. The Board of Directors will comply with the result of such meeting, making the emissions, reductions and changes in the shares, as they may be required, and effecting any and all other changes which may be required, for the increasing or diminishing of said stock as stated.

Art. 3. The shares which, in conformity with the fifth clause hereof, represent the capital stock, are free shares, and shall be numbered in consecutive order and signed by three members of the Board of Directors.

Art. 4. The shareholders shall have the following rights:

I. Receive, in proportion to the number of their shares, the liquidated profits of the Company.

II. Attend the general meetings, to consult and vote at same.

III. Be elected as members of the Board of Administration and Examiners, being owners of at least twenty-five shares of stock.

IV. Solicit from the Board of Directors or Examiners, the holding of the general stockholders' meeting, provided

they do so in compliance with article 209 of the Code of Commerce.

V. To acquaint themselves through the Examiner, of the general business of the Company.

Capítulo II.

Del Capital Social De Las Acciones y De Los Accionistas.

Artículo 2. El Capital social establecido en la cláusula quinta de la escritura constitutiva, podrá ser aumentado ó disminuido con el acuerdo de la mayoría de las acciones vigentes. El Consejo de Administración cumplirá dicho acuerdo, haciendo las emisiones, reducciones y canges de acciones que se requieran, y practicando todo lo demás que sea del caso para que se verifique el aumento ó reducción acordados.

Artículo 3. Las acciones que de conformidad con la citada cláusula quinta, representan el capital social, son todas no liberadas, serán numeradas en orden progresivo y firmadas por los tres vocales que integren el Consejo de Administración.

Artículo 4. Los accionistas disfrutarán de los siguientes derechos:

I. Percibir, en proporción de sus acciones, las utilidades líquidas de la Compañía.

II. Concurrir á las Asambleas generales, deliberar y votar en ellas.

III. Poder ser electos vocales del Consejo de Administración y Comisarios, siendo poseedores cuando menos de veinticinco acciones.

IV. Solicitar del Consejo de Administración ó del Comisario, la convocación de la Asamblea general siempre que estuvieren en el caso del artículo 209 del Código de Comercio.

V. Imponerse por conducto del Comisario, de la marcha general de los negocios de la Sociedad.

CHAPTER XXVI.

FORMS FOR DIRECTORS' FIRST MEETING.

In order that no questions may subsequently arise as to the legality of the first meeting of the Board of Directors, particularly when some member may be unable to attend, it is preferable that they should agree in writing as to the time and place for holding same.

Form No. 19. Waiver of Call.—"We the undersigned, all the Directors of the Puebla Tanning Company, do hereby consent to the holding of a meeting of the Board of Directors of said Company, to be held in its offices, in Mexico City, at three o'clock p. m. on the 15th day of January, 1911, and we hereby waive all requirements as to notice of time, place and purpose of such meeting, and agree to the transaction thereat of any and all business pertaining to the affairs of said Company."

R. H. ROBERTSON.

J. H. HOGARTH.

J. S. PATTINSON.

J. H. WEITER.

E. DEAN FULLER.

Form No. 19 (in Spanish).—"Nosotros los suscritos, siendo todos los Consejeros de la Puebla Tanning Company, por la presente damos nuestra autorización para que se verifique una Junta del Consejo de Administración de dicha Compañía, que tendrá lugar en los despachos de la misma, en la Ciudad de México, á las tres de la tarde, al día 15 de Enero de mil novecientos once, así como también renunciamos todos los requisitos relativos á tiempo, lugar y objeto de dicha junta, y convenimos en tratar todo el negocio perteneciente á los asuntos de dicha Compañía.

Form No. 20. First Clauses of Minutes.—"In the City of Mexico, at three o'clock in the afternoon of the fifteenth day

of January, nineteen hundred eleven, there were united in the offices of the Puebla Tanning Company, Incorporated, the members of the Board of Directors of said Company, for the purpose of holding the first meeting thereof following the election of said members and in compliance with their written consent therefor.

All of the members of said Board of Directors were present, to-wit: Messrs. R. H. Robertson, J. H. Hogarth, J. H. Weiter, J. S. Pattinson and E. Dean Fuller.

Mr. R. H. Robertson was unanimously selected as Chairman and Mr. J. H. Hogarth was likewise selected as Secretary of the meeting.

Form No. 20 (in Spanish).—“En la Ciudad de México á las tres de la tarde a el día quince de Enero de mil novecientos once, se reunieron en los despachos de la Puebla Tanning Company, Sociedad Anónima, los miembros del Consejo de Administración, con el objeto de verificar la primera junta después de la elección de dichos miembros, y en conformidad con su autorización por escrito.

Todos los miembros de dicho Consejo de Administración ó sean los Sres. R. H. Robertson, J. H. Hogarth, J. H. Weiter, J. S. Pattinson y E. Dean Fuller, estuvieron presentes.

El Sr. R. H. Robertson fué nombrado por unanimidad de votos para ocupar el puesto de Presidente, así como también el Sr. J. H. Hogarth como Secretario de dicha junta.”

Form No. 21. Qualifying of Directors.—“The chairman called the meeting to order, and each of the members of the Board of Directors delivered to the Secretary as required by the by-laws, certificates of stock of the company owned respectively by them, for ten shares thereof as a guarantee of the faithful discharge of their duties as such directors.”

Form No. 21 (in Spanish).—“El Presidente declaro la junta debidamente abierta y cada uno de los miembros del

Consejo de Administración entregaron al Secretario, en conformidad con los Estatutos, y como garantía del cumplimiento de sus deberes, 10 acciones de la Compañía poseídas respectivamente por ellos."

Form No. 22. Qualifying of Examiner.—"The Secretary was directed to secure the like stock deposit from the Examiner to qualify him in his office.

The Chairman then declared the meeting legally constituted because of the presence at the meeting of all elected directors and the fact of their having qualified in their offices."

Form No. 22 (in Spanish).—"El Secretario fué comisionado para procurar del Comisario un depósito de acciones, para calificarlo en su puesto.

El Presidente declaro la junta legalmente constituida, por estar presentes en dicha junta todos los miembros electos del Consejo, y por haberse calificado en sus puestos."

Form No. 23. Appointment of Officers.—"The meeting then proceeded to the selection of the officers of the Company, and the following were selected as such officers by unanimous vote: R. H. Robertson, President; J. S. Pattinson, Vice-President; J. H. Hogarth, Secretary, and J. H. Weiter, Treasurer."

Form No. 23 (in Spanish).—"La junta procedió á la elección de los oficiales de la Compañía, y los siguientes fueron electos por unanimidad de votos: para ocupar sus puestos R. H. Robertson, Presidente; J. S. Pattinson, Vice-Presidente; J. H. Hogarth, Secertario, y J. W. Weiter, Tesorero."

Form No. 24. Appointment of General Manager.—"The meeting then proceeded to name a General Manager, and the

name of Mr. J. H. Burns being proposed, it was agreed by unanimous vote to name said J. H. Burns as General Manager of this Company, with full power to represent the Company in all matters, administrative as well as when it may require judicial recognition, giving him power to effect contracts with individuals and companies, as also with executive and administrative authorities of the Government; to execute general and special powers of attorney; to engage the services of agents, and other employees and to control them and fix their compensation; directing that this authorization be made into a power of attorney when necessary, and expressly naming Mr. R. H. Robertson to execute such document on the part of the Company."

Form No. 24 (in Spanish).—"La junta procedió á nombrar un Gerente General, y habiendose propuesto el nombre del Sr. J. H. Burns, so convino por unanimidad de votos, á nombrar dicho Señor como Gerente General de la Compañía con pleno poder para representar la Compañía en todos sus asuntos, tanto administrativos como judiciales, dandole poder para celebrar contratos con individuos y compañías, asi como también con autoridades ejecutivas y administrativas del Gobierno; extender poderes generales y especiales; ocupar los servicios de agentes, y otros empleados; regirlos y fijar sus emolumentos, autorizando que esta autorización se haga en forma de poder, si sea necesaria, y nombrando expresamente al Sr. R. H. Robertson para extender dicho documento por parte de la Compañía."

Form No. 25. Directing Receipts to Be Given for Qualifying Stocks.—"The Secretary was directed by unanimous vote to issue to the officers of the Company the corresponding receipts for the stock deposited by them to qualify them in office (and to make the proper annotations in the stock book—when stock has been issued to holder)."

Form No. 25 (in Spanish).—“El Secretario fue ordenado por unanimidad que extendiera á los oficiales de la Compañía los recibos correspondientes para el depósito que habian hecho para su calificación (y para hacer las anotaciones en el Registro de Acciones cuando estas hayan sido extendidas al tenedor).”

Form No. 26. Authorizing Purchase of Books, Etc.—The General Manager was directed by unanimous vote to proceed at once to purchase and legalize the necessary books of the company; to register the articles of incorporation of the Company in the Mercantile Register; to give the legal notice of the opening of business; to make the necessary declarations thereof for the purpose of payment of the business tax on the Company, and in general to do all things necessary and proper to be done in beginning the business of the Company.

“There being no further business before the meeting, it adjourned, all the directors present signing these minutes.”

Form No. 26 (in Spanish).—“El Gerente General fué ordenado por unanimidad de votos, para proceder desde luego, con la compra y legalización de los libros necesarios de la Compañía; registrar la Escritura Constitutiva en el Registro Mercantil; dar el aviso legal del principio del negocio; hacer las declaraciones necesarias con objeto de pagar los impuestos correspondientes, y en general hacer todo cuanto sea necesario en principiar los negocios de la Compañía.

“No habiendo otro asunto de que tratar, se levantó la sesión habiéndose firmado las actas por todos los directores presentes.”

CHAPTER XXVII.

FORMS FOR CALLS FOR STOCKHOLDERS' MEETINGS.

All calls should be published in Spanish. Where the by-laws do not fix, with complete precision, the date for the holding of regular meetings or the officer of the Company whose duty it is to attend to the publication of the call therefor, it is a safe procedure for the Board of Directors to pass a resolution at a meeting of such Board, directing the publication thereof.

Form No. 27. Directors' Call for Annual Meeting.—

“United States Shoe Manufacturing Company,
Incorporated.

Call.

In accordance with the resolution of the Board of Directors of this Company, the stockholders hereof are notified that the annual stockholders' meeting thereof will take place in the office of the Company, situated in Calzada del Rastro street, in the City of Mexico, at four o'clock in the afternoon of the first day of June, nineteen hundred and eleven, for the purpose of treating of the subjects contained in the following:

Order of the Day.

I. Reading of the report of the Board of Directors on the business of the Company for the year 1910.

II. Presentation of the general balance sheet of the Company for said period.

III. Reading, discussions and resolution on the opinion of the Examiner on the said balance sheet, approving or rejecting same.

IV. Report, discussion and resolution of a plan for the distribution of the profits.

V. Resolution allowing compensation to the Directors and to the Examiner.

VI. Election of regular and alternate directors to succeed present directors.

VII. Election of regular and alternate examiners.

México, D. F., May 15th, 1911.

R. H. ROBERTSON, Secretary."

Form No. 27 (in Spanish).

United States Shoe Manufacturing Co.,
Sociedad Anonima.

Convocatoria.

"De acuerdo con la Resolución del Consejo de Administración de ésta Compañía convoca á señores accionistas á la Asamblea Anual de Accionistas que se verificará el día primero de Junio de mil novecientos once á las cuatro de la tarde, la cual tendra lugar en los despachos de la Compañía en su fabrica situada en la Calzada del Nuevo Rastro de la Ciudad de México, bajo la siguiente.

Orden del Día.

I. Lectura del informe del Consejo de Administración sobre el negocio de la Compañía durante el año de 1910.

II. Presentación del balance general de la Compañía durante dicho periodo.

III. Lectura, discusión y resolución sobre la opinion del Comisario respecto al balance, y su aprobación ó desaprobación.

IV. Informe, discusión y resolución sobre la distribución de ganancias.

V. Resolución sobre la compensación á las directores y Comisario.

VI. Elección de los Directores y sus suplentes.

VII. Elección del comisario propietario y del comisario suplente.

México, D. F., Mayo quince de 1911.

R. H. ROBERTSON, Secretario.”

Form No. 28. Directors' Call for Special Meeting.—

Cerro Dolores Mining Company, Incorporated.

Call.

“In accordance with the resolution of the Board of Directors of the above Company, the stockholders thereof are hereby notified that a special stockholders' meeting will be held in the offices of the Company, in the City of Puebla, State of Puebla, at five o'clock in the afternoon of the 6th day of June, 1911, under the following

Order of the Day.

I. To consider and determine upon the question of amending the articles of incorporation of the Company by increasing the number of Directors from five to nine; and the election of four additional Directors in the event of the adoption of such amendment.

II. To consider and determine upon the amendment of Article XX of the By-Laws of the Company.

Puebla, May 29th, 1911.

H. G. RICE, Secretary.”

Form No. 28 (in Spanish).

Cerro Dolores Mining Company, Sociedad Anonima.

Convocatoria.

“De acuerdo con la resolución del Consejo de Administración de la citada Compañía por la presente convoca á los Señores accionistas á una Junta Extraordinaria de Accionistas que se verificará el día seis de Junio de mil novecientos

once, á las cinco de la tarde en los despachos de la Compañía en la Ciudad de Puebla, Estado de Puebla, bajo la siguiente.

Orden del Día.

I. Considerar y determinar sobre la Enmendatura de la Escritura Constitutiva de la Compañía para aumentar el número de Directores de cinco á nueve; y la elección de cuatro Directores adicionales en caso de la adopción de dicha enmendatura.

II. Considerar y determinar sobre la enmendatura del Artículo XX de los Estatutos de la Compañía.

Puebla, Mayo veintinueve de mil novecientos once.

H. G. RICE, Secretario."

Form No. 29. Call by Examiner.—

Mexican Rubber Plantation Company, Incorporated.

Call.

"The undersigned, Examiner of the Mexican Rubber Plantation Company, Incorporated, under and by virtue of the power and authority conceded to him by Art. 204 of the Code of Commerce, hereby notifies the stockholders of said Company that an extraordinary meeting thereof will be held in the offices of the Company, in the City of Mexico, at three o'clock in the afternoon of the 22nd day of June, 1911, under the following

Order of the Day.

I. Reading of the report of the Examiner touching the abuses in office committed by the members of the Board of Directors and the General Manager of the Company.

II. Discussion and resolution upon the above report; and the adoption of a resolution to exact the corresponding liability from such officials, and the authorizing of some person to exact such responsibility.

Mexico, May 2nd, 1911.

E. H. JOHNSON, Examiner."

Form No. 29. (in Spanish).

Mexican Rubber Plantation Company, Sociedad Anónima.

Convocatoria.

“El suscrito, Comisario de la Mexican Rubber Plantation Company, Sociedad Anónima, en virtud del poder y autorización concedido por medio del Art. 204 del Código de Comercio, por la presente convoca á los señores accionistas á una Asamblea Extraordinaria de Accionistas que se verificará en los despachos de la Compañía en la Ciudad de México, á las tres de la tarde el día veinte y dos del mes de Junio de mil novecientos once, bajo la siguiente.

Orden del Día.

I. Lectura del informe del Comisario respecto á los abusos cometidos por los miembros del Consejo de Administración y por el Gerente General de la Compañía.

II. Discusión y resolución sobre el informe arriba indicado; y la adopción de una resolución para exigir de los funcionarios la responsabilidad correspondiente, y la autorización de una persona para exigir dicha responsabilidad.

México, Mayo dos de mil novecientos once.

E. H. JOHNSON, Comisario.

Form No. 30. Second Call for Same Meeting.

United States Shoe Manufacturing Company, Incorporated.

Call.

“In accordance with the resolution of the Board of Directors of the above Company, and by virtue of the by-laws thereof, it has been ordered that the annual stockholders' meeting of this Company, called for the first day of June, 1911, having failed of verification because of the failure of a quorum thereat, said meeting will be held under 'second call therefor at three o'clock in the afternoon of the 14th

day of June, 1911, in the offices of the Company, at which time said meeting will be held, whatever number of shares be then and there present; and that said meeting will then proceed under the following

Order of the Day.

I. Reading the report of the Board of Directors on the business of the Company for the year 1910.

II. Presentation of the general balance sheet of the Company for said period.

III. Reading, discussion and resolution on the report of the Examiner on the said balance sheet, approving or rejecting same.

IV. Report, discussion and resolution of a plan for the distribution of profits.

V. Resolution allowing compensation to the Directors and to the Examiners.

VI. Election of Regular and Alternate Directors to succeed present Directors.

VII. Election of Regular and Alternate Examiners.

Mexico, June 22nd, 1911.

R. H. ROBERTSON, Secretary.

Form No. 30 (in Spanish).

United States Shoe Manufacturing Company.

Sociedad Anónima.

Convocatoria.

“De acuerdo con la Resolución del Consejo de Administración de la citada Compañía, y en virtud de sus Estatutos, se ha ordenado, que la Asamblea Anual de Accionistas de ésta Compañía convocada para el día primero de Junio de mil novecientos once, y la cuál no se verificó por motivo de no haber habido quorum, tendrá lugar por medio de segunda convocatoria, el día catorce de Junio de mil novecientos once á las tres de la tarde en los despachos de la Compañía; pues dicha junta tendrá verificativo con cualquiera que sea el

número de accionistas y acciones que se representen en dicha Asamblea, bajo la siguiente.

Orden del Dia.

I. Lectura del informe del Consejo de Administración sobre el negocio de la Compañía durante el año de 1910.

II. Presentación del balance general de la Compañía de dicho periodo.

III. Lectura, discusión, y resolución sobre la opinion del Comisario respecto al balance, y su aprobación ó desaprobacion.

IV. Informe, discusión y resolución de un plan para la distribución de ganancias.

V. Resolución permitiendo la compensación á los Consejeros y Comisario.

VI. Elección de los Consejeros y sus Suplentes.

VII. Elección del Comisario propietario y del Comisario suplente.

México, Junio de 1911.

R. H. ROBERTSON, Secretario.

Form No. 31. Additional Clause Requiring Stock Deposit.

With "bearer shares," inasmuch as the Company cannot know in advance the names of the persons entitled to vote same, and as some proof of ownership must be furnished thereof at stockholders' meetings, it is customary to provide in the by-laws the manner of proving such ownership and establishing the rights to participate in the deliberations of the meeting. It is usual, therefore, to provide, either that such stock must be deposited with the Secretary of the Company within a given number of days previous to such meeting, for which deposit the stockholder will receive a slip entitling him to his rights in the meeting; or to permit such stockholders to deposit their shares with a banking institution or other company, and to present to the Secretary a receipt from such institution evidencing such fact, and that

such institution will retain same until the return of its receipt—the Secretary then issuing in exchange therefor, the corresponding “entrance ticket” to such stockholder.

In order that this requirement may be complied with, it is customary to make reference thereto in some part of the published call for the meeting.

“In order that the shareholders may have the right of participating in the above meeting, they must deposit their shares,—or a receipt therefor from some banking institution showing that it holds same for such stockholders and will continue to do so until the return of such receipt,—with the Secretary of the Company at its offices, at least twenty-four hours before such meeting. In exchange for such stock-certificates or receipts so deposited, such stockholder will receive an entrance card to the meeting, which, after its conclusion, will serve to secure possession of such stock or receipt.

Form No. 31 (in Spanish).—“Para que los accionistas tengan derecho de participar en la junta, depositarán en la Secretaría de la Compañía cuando menos veinte y cuatro horas antes de la hora señalada para la celebración de la Asamblea, sus acciones ó un recibo correspondiente de alguna institución bancaria, el cuál demuestre que la citada institución bancaria ha extendido dicho recibo por tener en su posesión las acciones depositadas por el accionista y las cuales quedará en su poder hasta la devolución del recibo mencionado.

“En cambio recibirá el accionista una tarjeta de entrada la cual, al terminarse la reunión servirá al accionista para que á cambio de ella, le sean devueltas las acciones ó el recibo que haya entregado.”

Form No. 32. Notice from Stockholders to Directors to Call Meeting.—“To the Board of Directors of the Queen City Copper Company, Incorporated, Colima:

“You are hereby notified that the undersigned stockholders of said Company, representing one-third of the capital stock thereof as evidenced by its stock book, hereby demand of you, in accordance with the right which they possess under Article 209 of the Commercial Code, that you immediately call a special stockholders’ meeting of said Company to be held in its offices, giving one month’s notice thereof, under the following

Order of the Day.

I. The removal of the present members of the Board of Directors and their alternates, and the election of new Regular and Alternate Directors.

II. The removal of the present Regular and Alternate Examiners, and the election of their successors.

México, April 1st, 1911.

“(This should be signed by the stockholders requesting the call for the meeting, showing the number of shares represented by each of them.)”

Form No. 32 (in Spanish).—“Al Consejo de Administración de la The Queen City Copper Company, Sociedad Anónima, Colima.

“Por la presente se le participa á Ud. que los suscritos siendo accionistas de la mencionada Compañía y representando una tercera parte del capital social, según demuestra el registro de acciones, exigen, de conformidad con el Artículo doscientos nueve del Código de Comercio, que desde luego convoque Ud. á una junta Extraordinaria de Accionistas de dicha Compañía, la cuál se verificará en los despachos de la citada, con un mes de anticipación, previo aviso, bajo la siguiente

Orden del Día.

I. La separación de los Consejeros propietarios y sus suplentes y la eleccion de los nuevos consejeros propietarios así como también sus suplentes.

II. La separación de los Comisarios y sus suplentes y la eleccion de sus sucesores.

Form No. 33. Call Pursuant to Stockholders' Request.—

“The Queen City Copper Company, Incorporated.

Call.

“Pursuant to the demand therefor made by the stockholders of this Company in accordance with Article 209 of the Commercial Code, and in compliance therewith, the Board of Directors has ordered that a special stockholders' meeting be held in the offices of this Company at 3 o'clock in the afternoon of the second day of May, 1911, under the following

Order of the Day.

I. The removal of the present members of the Board of Directors, and the election of new Regular and Alternate Directors.

II. The removal of the present and Alternate Examiners, and the election of their successors.

Mexico, D. F., Abril 1st, 1911.

R. E. STRINGFELLOW,
Secretary.

Form No. 33 (in Spanish).

“The Queen City Copper Company, Sociedad Anonima.

Convocatoria.

“De conformidad con la solicitud hecha por los accionistas de ésta Compañía, de acuerdo con le Artículo 209 del Código de Comercio, el Consejo de Administración ha ordenado convocar una Asamblea Extraordinaria de Accionistas que se verificará en los despachos de ésta Compañía á las tres de la tarde del día dos de Mayo de mil novecientos once bajo la siguiente

Orden del Día.

I. La separación de los Consejeros propietarios y sus suplentes, y la elección de los Consejeros nuevos, así como también sus suplentes.

II. La separación de los Comisarios y sus suplentes y la elección de sus sucesores.

México, Abril 1ro de 1911.

R. E. STRINGFELLOW,
Secretario.

CHAPTER XXVIII.

FORMS FOR CALLS FOR DIRECTORS' MEETING.

Form No. 34. For Regular Meeting.

Mr. W. H. Bates, Mexico, Mayo 15th, 1911.
Mexico City, Mexico.

Dear Sir:

You are hereby notified that the regular monthly meeting of the Board of Directors of the Standard Copper Mining Company will be held in the office of the Company, No. 1 Gante street, in this city, on Thursday, May 18th, 1911, at 3:00 o'clock p. m.

Respectfully, J. E. MORGAN,
Secretary.

Form No. 34 (in Spanish).

"Sr. W. H. Bates, México, Mayo 15 de 1911.
Ciudad de México, México.

Muy Señor nuestro:

La presente tiene por objeto participar á Ud. que la junta ordinaria del Consejo de Administración de la Standard Copper Mining Company tendrá lugar en los despachos de la Compañía, en la casa numero uno, de la calle de Gante en ésta ciudad el Jueves, día diez y ocho de Mayo de mil novecientos once, á las tres de la tarde.

Atto. y S. S., J. E. MORGAN,
Secretary.

Form No. 35. For Special Meeting.

"Mr. J. S. Pattinson, Monterey, May 22nd, 1911.
Torreon, Coah.

Dear Sir:

You are hereby notified that pursuant to call of the President, a special meeting of the Board of Directors of the Mexican Lumber Company will be held in its offices at 5:00

o'clock p. m. of the 2nd day of June, 1911, to consider the acquisition of additional machinery with which to meet the requirements of the Company; and to transact such further business as may come before the meeting.

Yours truly,

WALTER F. JONES, Secretary.

Form No. 35 (in Spanish).

Sr. J. S. Pattinson,
Torreón, Coah.

Monterrey, Mayo 22 de 1911.

Muy Señor Mío:

La presente tiene por objeto citar á Ud. de conformidad con la Convocatoria del Presidente, á una Junta Especial del Consejo de Administración de la Mexican Lumber Company, que tendrá lugar en los despachos de la Compañía á las cinco de la tarde del día dos de Mayo de 1911 mil novecientos once, para tratar de la adquisición de maquinaria adicional para cubrir las necesidades de la Compañía; y para tratar de cualquier otro negocio que se presente á la Junta.

De Ud. Att. y S. S.,

WALTER F. JONES,
Secretario.

Form No. 36. To Substitute Directors.

Mr. H. E. Hawley,
Vera Cruz.

Vera Cruz, May 4th, 1911.

Dear Sir:

You are hereby notified that the regular monthly meeting of the Board of Directors of the Mexico Land and Investment Company will be held in the offices of the Company in this city at four o'clock p. m. on the 23rd day of this month, and that owing to the absence of Mr. A. R. Morrow, a Regular Director of this Company, and his inability to attend such meeting, you are notified to attend said meeting in his place and stead.

E. H. GOODNOW, Secretary.

Form No. 36 (in Spanish).

Sr. H. E. Hawley,

Vera Cruz, Mayo 4 de 1911.

Vera Cruz.

Muy Sr. Mío:

Tiene por objeto la presente, participar á Ud. que la Junta Ordinaria del Consejo de Administración de la Mexico Land and Investment Company, se verificar á en los despachos de la Compañía en ésta Ciudad, á las cuatro de la tarde, del día veinte y tres del presente, y que debido á la ausencia del Señor A. H. Morrow, uno de los Consejeros Propietarios de ésta Compañía y su inhabilidad para concurrir á dicha junta, está Ud. citado para representar en dicha junta al mencionado señor.

De Ud. Atto. y S. S.,

E. H. GOODNOW, Secretario.

Form No. 37. Waiver of Call.

United States Shoe Manufacturing Company.

Waiver of Call.

"We, the undersigned, all of the Directors of the United States Shoe Manufacturing Company by the present, do hereby consent to the holding of a meeting of the Board of Directors of said Company, to take place in the offices of Attorney E. Dean Fuller, No. 1 Gante street, at 3:00 o'clock p. m. on the 14th day of May, 1911, and we hereby waive all requirements as to notice of time, place and purpose of such meeting, and agree to the transaction thereof of any and all business pertaining to the affairs of the Company.

J. H. WEITER.

J. H. ROBERTSON.

J. S. PATTINSON.

J. H. HOGARTH.

E. DEAN FULLER.

Form No. 37 (in Spanish).

United States Shoe Manufacturing Company.

Consentamiento Para Junta Sin Convocatoria.

Nosotros los suscritos, siendo todos los Consejeros de la United States Shoe Manufacturing Company, por la presente damos nuestro consentimiento para la verificación de una Junta del Consejo de Administración de dicha Compañía, que tendrá lugar en los despachos del Lic. E. Dean Fuller, en la calle de Gante No. 1, á las tres de la tarde, el día catorce de Mayo de 1911, asi como también consentimos en emitir los requisitos de aviso referentes al tiempo, lugar y objeto de dicha junta; y convenimos en tratar en dicha junta de cualesquier negocio que se presente perteneciente á los asuntos de la Compañía.

J. H. WEITER.

J. H. ROBERTSON.

J. S. PATTINSON.

J. H. HOGARTH.

E. DEAN FULLER.

Form No. 38. Call by Any Directors.

Guadalajara, May 10th, 1911.

To the President of The International Coal Company,

Guadalajara, Jalisco.

Dear Sir:

I hereby desire to request that a meeting of the Board of Directors of the above Company be called, to be held in the offices of the said Company at 5:00 o'clock in the afternoon of the 24th day of June, 1911, for the purpose of permitting me to tender my resignation as a member of said Board of Directors.

Yours very truly,

J. E. SIMOND.

Form No. 38 (in Spanish).

Guadalajara, Mayo 10 de 1911.

Al Presidente de la International Coal Company,
Guadalajara, Jalisco.

Muy Señor Mío :

Por la presente suplico á Ud. se sirva convocar á una Junta del Consejo de Administración de la Compañía arriba indicada y que éste tendrá lugar en los despachos de dicha Compañía el día veinte y cuatro de Junio de mil novecientos once á las cinco de la tarde con objeto de presenciar la presentación de mi renuncia del cargo de vocal de dicho Consejo de Administración, y para que éste dé los pasos que crea necesarios.

Su Atto. y S. S.,

J. E. SIMOND.

CHAPTER XXIX.

PROXIES.

The only prohibition imposed upon the use of proxies is that no Director shall be permitted to hold or vote same. (§164.)

Proxies must contain a 5-cent revenue stamp duly cancelled.

Form No. 39. Proxy for Regular Meeting.—"I hereby appoint Shirley J. Patton as my proxy with full power and authority to vote for me and in my place and stead, and in representation of all of my shares of stock which I hold or may hold at any time in the United States Shoe Manufacturing Company, of Mexico City, at a regular stockholders' meeting of said Company, to be held on the 13th day of June, 1911.

Mexico, D. F., June 1st, 1911.

Witnesses:

R. E. BROWN.

J. R. MONROE.

E. H. BEACH.

Form No. 39 (in Spanish).

"Por la presente nombro al Señor Shirley J. Patton como mi apoderado con pleno poder y autorización para que a mi nombre y representación vote en la Asamblea por el numero de las acciones que tengo ó pueda tener en lo sucesivo en la United States Shoe Manufacturing Company de la Ciudad de México, autorizando á mi apoderado para concurrir en mi representación á la Junta Ordinaria de dicha Compañía que se verificará el día tres de Junio de mil novecientos once.

México, D. F., Junio 1ro, de 1911.

Testigos:

R. E. BROWN.

J. R. MONROE.

E. H. BEACH.

Form No. 40. Proxy for Special Meeting.—"I hereby appoint E. Dean Fuller as my true and lawful proxy to represent me at the special stockholders' meeting of the Mercantile Banking Company, Incorporated, of Mexico City, to be held in the offices of said Company on the 18th day of April, 1911, with power to vote my stock thereat on any and all matters set forth in the call for said meeting.

Mexico, D. F., March 18th, 1911.

Witnesses:

J. H. EVANS.

F. E. DAVIS.

H. R. BLAKE.

Form No. 40 (in Spanish).—"Por la presente nombro al Señor E. Dean Fuller como mi apoderado, con pleno poder para que me represente en la Junta Extraordinaria de Accionistas de la Mercantile Banking Company, Sociedad Anónima de la Ciudad de México, que tendrá lugar en los despachos de la citada Compañía el día diesiocho de Abril de mil novecientos once, y con poder para que vote mis acciones en todos los asuntos estipulados en la Convocatorio para dicha Junta.

México, D. F., Marzo 18 de 1911.

Testigos:

J. H. EVANS.

F. E. DAVIS.

H. R. BLAKE.

Form No. 41. Proxy for Second-Call Meeting.—By the present I do hereby authorize and empower E. R. Jones to act as my proxy and to vote the stock owned by me in the Mexican Diversified Land Company, of Mexico City, at the meeting of the stockholders thereof, to be held in said city under second call therefor, on the 22nd day of May, 1911, giving and granting to him full power and authority to do and perform thereat any and all things which I might do if present in person.

Puebla, May 7th, 1911.

Witnesses:

E. H. BRIGHT.

W. M. SCHUFELDT.

M. B. KATZE.

Form No. 41 (in Spanish).—“Por la presente autorizo y doy mi poder al Señor E. R. Jones para que obre como mi apoderado y vote por las acciones de que soy dueño en la Mexican Diversified Land Company, de la Ciudad de México, en la Junta de Accionistas de esta Compañía que tendrá lugar, en virtud de segunda convocatoria, el día veinte y dos de Mayo de mil novecientos once, en la Ciudad de México, dándole pleno poder y autorización para que haga todo cuanto yo haría si estuviese presente personalmente.

Puebla, Mayo 7 de 1911.

Testigos:

E. H. BRIGHT.

W. M. SCHUFELDT.

M. B. KATZE.

Form No. 42. Proxy for Stock Owned by Company.—“The Cerro Dolores Mining Company, of the Territory of Arizona, U. S. A., does by these presents constitute and appointas its true and lawful attorney and proxy to attend the annual meeting of the Compañía Minera de Cerro Dolores, to be held in the offices of said Company, in the City of Puebla, Mexico, on the 14th day of July, 1911, giving and granting to its said attorney full power and authority that he may in its name, place and stead vote the 300 shares of stock of said Company, of which this Company is the owner, and thereunder he may do all such things which to him may seem fit and proper in the premises.

Phoenix, Arizona, June 1st, 1911.

p. p. CERRO DOLORES MINING COMPANY.

.....

President.

Form No. 42 (in Spanish).—“La Cerro Dolores Mining Company, del Territorio de Arizona, E. U. A., por la presente nombra y constituye al Sr..... como su verdadero abogado y representante para asistir á

la Asamblea anual de la Compañía Minera de Cerro Dolores, que tendrá lugar en los despachos de dicha Compañía en la Ciudad de Puebla, México, el día catorze de Julio de mil novecientos once, dando á su apoderado pleno poder y autorización para que pueda, en su nombre y representación, votar por las trescientas (300) acciones de dicha Compañía de las cuales ésta es la dueña, y bajo dicho poder, podrá hacer y obrar en los asuntos en la manera que á él le parezca propias y aptas sobre el particular.

Phoenix, Arizona, Junio 1ro de 1911.

p. p. CERRO DOLORES MINING COMPANY.

.....

Presidente.

Form No. 43. Proxy for All Meetings.

Mr. M. H. Crown, Mexico, D. F.

I, the undersigned, do hereby constitute and appoint you my true and lawful attorney to represent me in any and all meetings of the stockholders of the Rochester Photo Stock House, Incorporated, and for me and in my name and stead to vote thereat upon the stock standing in my name on the books of the said Company at the times of said meetings; and I hereby grant to you all of the powers that I would myself possess if personally present thereat.

Mexico, D. F., April 2nd, 1911.

Witnesses:

JOHN H. SHUMAKER.

CIPRIANO GUTIERREZ QUINTERO.

ARMIN HARTRATH.

Form No. 43 (in Spanish).

Sr. M. H. Crown, Mexico, D. F.

Yo, el suscrito, por la presente confiero á Ud. poder amplio, cumplido y bastante para que me represente en todas las Asambleas y Juntas de Accionistas de la Rochester Photo Supply House, Sociedad Anónima, y para que en mi nombre y representación, vote en dichas Asambleas por todas las

acciones que se encuentren á mi nombre en dicha Compañía al verificarse las juntas, así como también por las presente le confiero á Ud. todos los poderes que yo mismo poseería si estuviese presente personalmente.

México, D. F., Abril 12 de 1911.

Testigos: JOHN H. SHUMAKER.
CIPRIANO GUTIERREZ QUINTERO.
ARMIN HARTRATH.

Form No. 44. Revoking Proxy.

Mexican Rubber Plantation Company,
City of Mexico, D. F.

I, the undersigned, do hereby revoke and annul any and all proxies or powers of attorney given by me therein empowering any person or persons to represent me or vote in my name and stead, or to act for me in any manner whatsoever, at any meeting or meetings of the stockholders of the above Company.

Vera Cruz, May 10th, 1911.

Witnesses: JOHN E. BRENNEN.
E. R. STRUBLE.
C. H. MACHEY.

Form No. 44 (in Spanish).

“Mexican Rubber Plantation Company,
Ciudad de México, D. F.

Yo, el suscrito, por la presente rechaze y nulifico cualesquiera carta ú otro poder ya otorgado por mí, autorizando alguna persona ó personas para que obren en mi representación, ó para que voten en mi nombre, ó para que me representen en cualesquier manera en las juntas de los accionistas de la mencionada Compañía.

Vera Cruz, Mayo 10 de 1911.

Testigos: JOHN E. BRENNEN.
E. R. STRUBLE.
C. H. MACHEY.

CHAPTER XXX.

FORMS FOR USE IN SUBSEQUENT STOCKHOLDERS' MEETINGS.

Where stock has been issued to bearer, the Company cannot know the names of the owners thereof, so as to allow them to participate in stockholders' meetings. It must, therefore, provide in its by-laws or by resolution, the manner for effecting such proof and of securing the right of participation in such meetings. This is generally covered by the by-laws, which provide that the stock certificates shall be deposited with the Company before the meetings, and that the Secretary will issue a receipt therefor evidencing the right of participation; or that such stock certificates may be deposited in a banking institution, and that a receipt to such effect from such institution will be accepted as the basis for the Secretary's receipt of admission, or "entrance ticket" (boleta de entrada), as it is called.

Form No. 45. Certificate Showing Stock Deposit of Bearer Stock Made with Banking Institution.—"This is to acknowledge that Joseph H. Weiter has deposited with this Company 125 shares of the capital stock of the United States Shoe Manufacturing Company, S. A., of Mexico City, D. F., which share certificates are numbered 191 to 225 inclusive, and that this Company will retain such shares in its possession until the return of this receipt therefor.

Mexico, D. F., May 30th, 1911.

MERCANTILE BANKING COMPANY, S. A.

K. M. Van Zandt, Jr.,

Vice-President and Manager.

Form No. 45 (in Spanish).—"La presente certifica que el Señor Joseph H. Weiter ha depositado en ésta Compañía 125 acciones del capital social de la United States Shoe Manufacturing Company, S. A., de la Ciudad de Méx-

ico, D. F. cuyos certificados están enumerados de 101 á 225 inclusive, las cuales quedarán en poder de la Compañía hasta la devolución de éste recibo.

México, D. F., Mayo 30 de 1911.

MERCANTILE BANKING COMPANY, S. A.

K. M. Van Zandt, Jr.,
Vice-Presidente y Gerente.

Form No. 46. Certificate Showing Stock Deposit with Company to Secure Admission to Stockholders' Meeting.—“This is to certify that J. S. Pattinson has deposited with this Company 120 shares of its capital stock, as shown by stock certificates numbers 150 to 269 inclusive, or (has deposited with this Company a receipt from the Mercantile Banking Company, S. A., evidencing that he has deposited with said Company 120 shares of the stock of this Company), bearing numbers 150 to 269 inclusive, which it will retain in its possession until the return of such receipt), and having thus complied with the provisions of the by-laws of the Company he is entitled to admittance to the general stockholders' meeting, to be held in this city, at three o'clock in the afternoon of the 24th day of June, 1911; and upon the conclusion of said meeting this receipt will entitle the said owner of said stock to the possession of said stock certificates (or receipt therefor).

UNITED STATES SHOE MANUFACTURING CO.,

R. H. Robertson,
Secretary.

Form No. 46 (in Spanish).—“La presente certifica que el Señor J. S. Pattinson ha depositado en ésta Compañía 120 acciones del capital social según demuestran los certificados numerados del 150 al 269 inclusive, ó ‘(ha depositado en ésta Compañía un recibo de la Mercantile Banking Company, S. A., demostrando que ha depositado en dicha Com-

pañía 120 acciones del capital de ésta Compañía, llevando la numeración sucesiva del 150 al 269, las cuales quedaran en poder de dicha Compañía hasta la devolución del recibo correspondiente), y habiendo cumplido con lo estipulado en los Estatutos de la Compañía, tiene derecho para asistir á la Asamblea General de Accionistas que tendrá lugar en ésta ciudad, el día veinte y cuatro de Junio de mil novecientos once, á las tres de la tarde. Al terminar ésta sesion, el recibo dará derecho al tenedor para que le sean devueltas sus acciones.

UNITED STATES MANUFACTURING COMPANY.

R. H. Robertson, Secretario.

Form No. 47. Minutes of Meeting Not Held for Default of Quorum.—“In the City of Mexico, at three o'clock in the afternoon of the 14th day of April, 1911, and in the offices of the Noche Bueno Mining Company, Incorporated, there were assembled certain of the stockholders of said Company in order to hold the general annual meeting therefor, in conformity with the published call therefor.

Where a stockholders' meeting has been called, and no quorum is present thereat, the meeting, of course, cannot be held. But as the law concedes the right of issuing a second call therefor, and provides that at such meeting any number of shares represented will constitute a quorum (§294) it is advisable, as a measure of safety, to effect minutes of the first meeting, in order that the default of a quorum may be clearly established, as well as of the rights arising under the second call.

Mr. John A. Simpson occupied the presidency, and Mr. E. R. Brooks acted as Secretary.

The President declared the meeting legally installed and directed the Secretary to proceed with the preparation of the list of stockholders present. The Secretary having complied with this duty and the stockholders present having

signed same, the President proceeded to name Messrs. S. H. Hawes and R. E. Smithers as scrutinizers thereof. Said scrutinizers having effected their examination of the list of stockholders present, reported that they found that there is represented at this meeting only 485 of the 1000 shares of stock of this Company, and that by reason thereof an insufficient number of stock is represented for the purpose of continuing this meeting.

The following stockholders, stock and votes were present:

S. H. Hawes, with 135 shares and votes.

R. E. Smithers, with 150 shares and votes.

E. R. Brooks, with 100 shares and votes.

John A. Simpson, with 100 shares and votes.

The President declared that in view of the fact of there being an insufficient number of the shares of stock of this Company present for the purpose of holding a legal meeting thereof, it will be impossible for this meeting to proceed with the order of the day, and that the meeting is therefore without effect and that it shall be treated as though not held, except for the purpose of establishing the rights of a meeting under second call therefor.

E. R. BROOKS.

JOHN A. SIMPSON,
President.

Secretary.

Form No. 47 (in Spanish).—“En la Ciudad de México, á las tres de la tarde del día 14 de Abril de 1911, en los despachos de la Noche Buena Mining Company, S. A., se reunieron los accionistas de dicha Compañía con objeto de verificar la Asamblea Anual de Accionistas de acuerdo con la convocatoria publicada á ese fin.

El Sr. John A. Simpson ocupó la presidencia, y el Sr. E. R. Brooks permaneció como Secretario.

El Presidente declaró la junta legalmente instalada y ordeno que el Secretario procediera á la presentación de la lista de concurrencia de accionistas presentes.

El Secretario habiendo cumplido con su deber y los accionistas habiendo firmado esa lista, el Presidente procedió á nombrar á los Señores S. H. Hawes y R. E. Smithers como escrutadores. Dichos escrutadores habiendo terminado el exámen de la lista de accionistas asistentes, manifestaron que estaban representados en la junta únicamente 485 de las 1000 acciones de ésta Compañía y que por lo tanto el número de acciones representadas no era suficiente para seguir con la sesión.

Las siguientes acciones y votos estaban presentes:

S. H. Hawes, 135 acciones y votos.

E. R. Brooks, 100 acciones y votos.

R. E. Smithers, 150 acciones y votos.

John A. Simpson, 100 acciones y votos.

El Presidente manifestó que en vista del número insuficiente de acciones de la Compañía representadas en ésta Asamblea para la celebración de ésta, sería imposible proceder con el Orden del Día, y por lo tanto se declaró que no hubo Asamblea, sino al efecto de salvar los derechos de expedir segunda convocatoria para nueva Asamblea, la cual se celebrará en caso de segunda convocatoria cualquiera que sea el numero de acciones que concurren, de acuerdo con los estatutos.

E. R. BROOKS, Secretario.

JOHN A. SIMPSON, Presidente.

Form No. 48. First Clause of Minutes of Second Meeting, First Meeting Having Defaulted.—In the City of Mexico at three o'clock in the afternoon of the 28th day of April, 1911, and in the offices of the Noche Buena Mining Company, S. A., there were assembled certain of the stockholders of said Company, for the purpose of holding the general annual meeting therefor, in compliance with the second call therefor.

Mr. John A. Simpson occupied the presidency, and Mr. E. R. Brooks acted as Secretary.

The President then explained that this meeting was called

for the 14th day of April, 1911, but that an insufficient number of stockholders having concurred thereat, a second call therefor had been ordered for this day, hour and place, under the same order of the day as set forth in the first call therefor. He then proceeded to call the meeting to order.

The Secretary then presented the copies of the first and second calls for this meeting, as they appeared in the *Diario Oficial*, and proceeded to read the minutes of the meeting of April 14th, 1911, by which it is made to appear that no quorum was present. The minutes of said meeting having been approved by unanimous vote of the stockholders present and the notices having been found to be published in compliance with the law, the President declared the meeting legally installed; and the Secretary was ordered to preserve with the duplicates of this meeting the copy of the calls, as published.

Form No. 48 (in Spanish).—“En la Ciudad de México, á las tres de la tarde del día 28 de Abril de 1911, en los despachos de la Noche Buena Mining Company, S. A., se reunieron los accionistas de dicha Compañía para celebrar la Asamblea Anual de conformidad con la segunda convocatoria á ese fin.

El Sr. John A. Simpson ocupó la presidencia y el Sr. E. R. Brooks fungió como Secretario.

El Presidente manifestó que ésta junta se había convocado para el día 1ro de Abril de 1911, pero que por motivo de no haber habido en esa junta el número suficiente de accionistas, se acordó citar por segunda vez á los accionistas para éste día á las tres de la tarde, en el mismo lugar, y bajo el mismo Orden del Día. Enseguida el Presidente declaró debidamente instalada la Asamblea.

El Secretario enseguida presentó las copias del *Diario Oficial* en las cuales aparecieron las dos convocatorias, y procedió á leer las actas de la junta verificada el día 14 de Abril las cuales demuestran que no hubo quorum. Habiéndose aprobado por unanimidad de votos las actas de dicha

junta, y encontrandose que los avisos fueron publicados de conformidad con la ley, el Presidente declaró la junta legalmente instalada, y el Secretario fué autorizado para archivar, junto con los duplicados de las actas de esa junta, las copias de la convocatoria según se publicaron.

Form No. 49. First Clause of Minutes Where Meeting Held to First Call.—"In the City of Mexico, at three o'clock on the 18th day of April, 1911, and in the offices of the Buen Suceso Mining and Development Company, Incorporated, there were assembled certain of the stockholders of said Company for the purpose of holding an extraordinary general stockholders' meeting, in compliance with call therefor.

Mr. H. E. Cedargreen occupied the presidency, and Mr. O. R. Morse acted as Secretary.

The Secretary proceeded to present copies of the Diario Oficial evidencing that the meeting had been called in accordance with the by-laws of the Company, and he was instructed by unanimous vote to preserve such copies with the duplicate minutes of this meeting.

The President then proceeded to direct that the Secretary prepare the list of stockholders present, for execution by them; and this having been done and all stockholders present having signed same, the President named Messrs. H. R. Walter and R. O. Green as scrutinizers thereof, and they having examined such list of the stockholders present, and the shares and votes owned by each of them, reported that the following stockholders, shares and votes are present and represented at this meeting:

J. E. Forsythe, 200 shares and votes.

H. E. Cedargreen, 200 shares and votes.

O. R. Morse, 200 shares and votes.

W. R. Walter, 200 shares and votes.

R. O. Green, 200 shares and votes.

or a total of 1000 shares and votes, such shares and votes representing the entire capital of the Company.

Form 49 (in Spanish).—“En la Ciudad de México, á las tres de la tarde del día 18 de Abril de 1911, en los despachos del Buen Suceso Mining and Development Company, Sociedad Anónima, se reunieron los accionistas de dicha Compañía para celebrar una junta extraordinaria general de accionistas de acuerdo con la convocatoria á ese fin publicada.

El Sr. Cedargreen ocupó la presidencia y el Sr. O. R. Morse fungió como Secretario.

El Secretario procedió á presentar los ejemplares del Diario Oficial comprobando que la junta se había convocado de conformidad con los Estatutos de la Compañía, desupés de lo cuál, fué ordenado por unanimidad de votos á guardar las copias del Diario Oficial junto con los actas por duplicado de esa Asamblea.

El Presidente enseguida procedió á ordenar que el Secretario hiciera la lista de los accionistas presentes para que lo firmaran, y habiéndose efectuado ésto y los accionistas habiendo firmado dicha lista, el Presidente nombró á los Señores H. R. Walter y R. O. Green como escrutadores; y estos señores habiendo examinado la lista y comprobado el número de accionistas asistentes así como el número el acciones y votos poseidas por cada uno de los concurrentes, los Escrutadores manifestaron que los siguientes estaban presentes:

J. E. Forsythe, 200 acciones y votos.

H. E. Cedargreen, 200 acciones y votos.

O. R. Morse, 200 acciones y votos.

W. R. Walter, 200 acciones y votos.

W. O. Green, 200 acciones y votos.

ó sea un total de 1000 acciones y votos las cuáles representan todo el capital social de la Compañía.”

Form No. 50. Stockholders' List.—“We, the undersigned stockholders of the Buen Suceso Mining and Development Company, Incorporated, hereby certify that we were present at the extraordinary general stockholders' meeting of said

Company, held in the offices therefor in the City of Mexico, at three o'clock in the afternoon of the 18th day of April, 1911, said meeting being held in accordance with the call therefor; and that we each represented thereat the number of shares and votes set opposite our names, as shown by our receipts for our stock deposited with the Secretary of the Company, and as follows:

Signatures.	Shares and Votes.
J. E. Forsythe.....	200 shares and votes
H. E. Cedargreen.....	200 shares and votes
O. R. Morse.....	200 shares and votes
W. R. Walter.....	200 shares and votes
R. R. Green.....	200 shares and votes

Form No. 50 (in Spanish).—"Nosotros los suscritos, siendo accionistas del Buen Suceso Mining and Development Company, Sociedad Anónima, por la presente certificamos que asistimos á la junta Extraordinaria General de Accionistas verificada en los despachos de la citada Compañía en la Ciudad de México, á las tres de la tarde del día 18 de Abril de 1911, habiéndose celebrado dicha junta de conformidad con la convocatoria; además, que representamos cada uno de nosotros en dicho junta el número de acciones según estan anotados frente á nuestros nombres, y de conformidad con nuestros recibos para las acciones que depositamos con el Secretario de la Compañía, y que son las siguientes:

Firmas.	Acciones y Votos.
J. E. Forsythe.....	200 acciones y votos
H. E. Cedargreen.....	200 acciones y votos
O. R. Morse.....	200 acciones y votos
W. R. Walter.....	200 acciones y votos
R. O. Green.....	200 acciones y votos

Form No. 51. Certificate to Stockholders List by Scrutinizers.—For scrutinizers' report for above stockholders' list, see Form No. 3.

Form No. 52. Declaring Meeting Open.—"By reason of the report of the scrutinizers, the President declared a quorum to be present and the meeting legally installed.

The Secretary then proceeded to read the order of the day as published in the call for this meeting, and the following action was then taken thereon.

Form No. 52 (in Spanish).—"En vista del informe rendido por los escrutadores, el Presidente declaró que estando presente la mayoría de accionistas que forma el quorum que debe reunirse conforme á los estatutos, que la Asamblea esaba legalmente instalada.

El Secretario procedió á dar lectura á la Orden del Día según se publicó en la convocatoria para esta junta, habiendose verificado los siguientes hechos:

Form No. 53. Presentation of Annual Balance Sheet, Examiners' Report Thereon and Approval Thereof.

First Order of the Day.

"I. Presentation of the general balance for the social year ending April 1st, 1911, and the corresponding report of the examiner, for discussion and approval."

The Secretary then proceeded to read the general balance for the social year as presented by the Board of Directors of the Company, as also to read the report of the Examiner therein approving same and recommending its acceptance and approval by the meeting. Said general balance and report having been discussed in general and in particular, it was resolved by unanimous vote to accept and approve same, the members of the Board of Directors not voting in such approval.

Form No. 53 (in Spanish).**“Primer Orden Del Dia.**

“I. Presentación del balance general del año social hasta el 1ro de Abril de 1911, y el informe correspondiente del Comisario, y su aprobación.”

El Secretario desde luego procedió á dar lectura del balance general del año social según se había presentado por el Consejo de Administración de la Compañía, así como también dió lectura del informe del Comisario, dando su aprobación, y á la vez recomendando su aceptación y aprobación por ésta Asamblea.

Habiendose puesto á discusión dicho balance general é informe en lo general y particular, y no habiendose hecho observación ninguna, se resolvió por unanimidad de votos, aceptarlo y aprobarlo los miembros del Consejo no votaron en dicha aprobación.

Form No. 54. Form for Annual Balance Sheet.—“To the stockholders of the Buen Suceso Mining and Development Company, Incorporated.

Mexico City, D. F.

Gentlemen:

Your Board of Directors take pleasure in submitting to you the following general balance, showing the condition of your Company to date thereof, to-wit: April 1st, 1911:

Assets.

Money in bank.....	\$6,463.10
Merchandise	4,710.40
Buildings, grounds, mines and machinery	240,762.11
Diverse debtors	11,407.15
	<hr/>
	\$263,342.77

Liabilities.

Capital stock	\$200,000.00
Reserve	40,762.11
Amortization	10,207.16
Diverse creditors	5,910.40
To balance	6,463.10
	<hr/>
	\$263,342.77

Respectfully submitted,

THE BOARD OF DIRECTORS.

O. R. MORSE, Secretary.

Form No. 54 (in Spanish).—“A los Accionistas del Buen Suceso Mining and Development Company, Sociedad Anónima.
Ciudad de México, D. F.

Muy Señores Nuestros:

El Consejo de Administración de la Compañía de Uds. tiene á bien presentar el siguiente balance general, el cuál demuestra el estado en que se encuentran los negocios de ésta Compañía hasta la fecha, ó sea Abril 1ro de 1911.

Activo.

Fondo en el banco.....	\$6,463.10
Mercancias	4,710.40
Edificios, terrenos, minas y maquinaria	240,762.11
Deudores diversos	11,407.15
	<hr/>
	\$263,342.77

Pasivo.

Capital social	\$200,000.00
Fondo de reserva	40,762.11
Bienes amortizados	10,207.16
Diversos créditos	5,910.40
Saldo	6,463.10
	<hr/>
	\$263,342.77

Respectuosamente sometido,

EL CONSEJO DE ADMINISTRACIÓN,

O. R. Morse, Secretario.

Form No. 55. Report of Examiner.

To the Stockholders of the Buen Suceso Mining and Development Co., Incorporated, Mexico, D. F.

Gentlemen :

I have examined the general balance of your Company as submitted to me by the Board of Directors thereof and have compared same with its books. I find same to be correct, as shown by such books, and I therefore take pleasure in recommending the acceptance and approval thereof by this meeting.

Respectfully submitted,

J. E. FORSYTHE, Examiner.

Form No. 55 (in Spanish).

A los Señores Accionistas del Buen Suceso Mining and Development Co., S. A., México, D. F.

Muy Señores Míos :

He examinado el balance general de la Compañía según se me presentó por el Consejo de Administración de dicha Compañía, y después de haberlo comparado con los libros, lo encuentro exacto, y de conformidad con dichos libros; por lo tanto tengo gusto en recomendar su aceptación y aprobación en ésta Asamblea.

Respetuosamente suyo,

J. E. FORSYTHE, Comisario.

Form No. 56. Election of Directors and Substitutes.**Second Order of the Day.**

“II. Election of new directors and their substitutes.”

“The meeting then proceeded under the second order of the day and elected as regular directors Messrs. J. E. White, O. R. Brown and A. C. Allen; and as substitute directors Messrs. J. H. Weir and C. E. Calvert, all of said elections being made by unanimous vote, and said directors and substitutes being elected to serve for one year and until their successors shall have been elected and qualified.”

Form No. 56 (in Spanish).**Segunda Orden del Día.**

“II. Elección de los nuevos Consejeros y sus suplentes.”

“La sesión prosiguió con el segundo punto de la Orden del Día, eligiendo como Consejeros Propietarios á los Señores J. E. White, O. R. Brown y A. C. Allen; y a los Señores J. H. Weir y C. E. Calvert como Consejeros Suplentes, habiéndose hecho dichas elecciones por unanimidad de votos. Dichos Consejeros y Suplentes están nombrados para ocupar sus puestos durante el plazo de un año y hasta que sus sucesores hayan sido electos y capacitados para ejercer sus puestos.

Form No. 57. Election of Examiner and His Substitute.**Third Order of the Day.**

“III. Election of a new examiner and his substitute.”

“The meeting then proceeded under the third order of the day, and elected as Examiner Mr. F. R. Staples, and as substitute examiner Mr. H. F. Keys, both of said elections being made by unanimous vote, and said examiner and his substitute being elected to serve for the term of one year and until their successors shall have been elected and qualified.

Form No. 57 (in Spanish).**Tercera Orden del Día.**

“III. Eleccion del nuevo Comisario y su suplente.”

“La sesión prosiguió á cumplimentar el tercer punto de la orden del día y se nombró al Señor F. R. Staples, como Comisario, y el Señor H. F. Keys como Suplente, las dos elecciones habiéndose hecho por unanimidad de votos y habiendo sido electos dichos Comisarios y Suplente para ocupar sus puestos respectivos por el período de un año y hasta que sus sucesores hayan sido electos y capacitados para ocupar sus puestos.

Form No. 58. Remuneration of Directors and Examiners.**Fourth Order of the Day.**

“IV. Remuneration of the Directors and Examiner for the social year.”

The meeting then proceeded with the fourth order of the day, and it was unanimously resolved that in view of the good results secured by the Company during the past year in its business, that the Directors and Examiner shall receive as their compensation for their service during such term, the sum of 5 per cent of the net profits of the Company for such year, which sum shall be divided among such officers on the basis of \$200.00 for the Examiner, and that the remainder of the sum so set aside, shall be divided equally between the Directors.

It was further resolved that a vote of thanks be extended to the officers of the Company for the capable services rendered by them during such period.

Form No. 58 (in Spanish).

“IV. Remuneracion de los Consejeros y Comisarios durante el año social.”

La junta procedió al punto cuarto de la Orden del Día y se resolvió por unanimidad de votos que en vista del buen resultado obtenido por la Compañía, durante el año pasado, recibieran los Consejeros y el Comisario como emolumentos por sus buenos servicios durante el término de sus puestos, el 5 per cent de las ganancias netas recibidas por la Compañía durante ese año, cuya suma será dividida entre los funcionarios bajo la base de \$200.00 para el Comisario y el resto para ser dividido en partes iguales á los Consejeros. Además se resolvió que, se les dieran las gracias á los Consejeros y Comisario por los servicios satisfactorios rendidos por ellos durante dicho período.

Form No. 59. Reports of Managers.**Fifth Order of the Day.**

“V. Reports of Managers, and action thereon.”

The Secretary then proceeded to read the report of the General Manager of this Company as to its undertakings during the past year. It was then resolved by unanimous vote to accept same, and the Secretary was directed to preserve same with the duplicate minutes of this meeting.

Form No. 59 (in Spanish).**Quinta Orden del Día.**

“V. Informes de los Gerentes, y resoluciones sobre éstos.”

Enseguida el Secretario procedió á dar lectura al informe del Generante General de la Compañía con referencia á las empresas de dicha Compañía durante el año pasado. Enseguida se resolvió por unanimidad de votos aceptar ésta, y el Secretario fué encargado de guardar el informe junto con las actas en duplicado de éste junta.

Form No. 60. Resolution to Amend By-Laws.**Sixth Order of the Day.**

“VI. Amendment of the By-Laws of the Company.”

The President then stated that the Board of Directors were of the opinion that the by-laws of the Company should be amended, changing the date of the general annual meeting of the Company from the first Tuesday in May of each year to the first Tuesday in July of each year. After discussing this question, it was resolved:

“That Article 46 of the by-laws of this Company be amended to the effect that the general annual meeting of the Company shall be held on the first Tuesday in July of each year beginning with the year 1912.”

Form No. 60 (in Spanish).**Sexta Orden del Día.**

“VI. Reforma de los Estatutos de la Compañía.”

El Presidente enseguida manifestó que el Consejo de Administración es de opinión, que sería menester enmendar los Estatutos, transfiriendo la fecha de la Asamblea General Anual de la Compañía del primer Martes de Mayo de cada año, al primer Martes de Julio de cada año. Habiendose discutido la proposición, se resolvió lo siguiente:

“Que se enmendara el Artículo 46 de los Estatutos de ésta Compañía al efecto de que, la Asamblea General Anual tendrá lugar el primer martes de Julio de cada año, empezando con el año de 1912.”

Form No. 61. Resolution to Increase Capitalization.**Seventh Order of the Day.**

“VII. The increasing of the capitalization of the Company from \$200,000 to \$300,000.”

The President then reported that the Company is badly in need of additional capital with which to carry on its operations and with which to establish a smelter. He then proceeded to explain further the high cost of shipping the ore of the Company to the nearest smelter, and stated that with the additional sum of \$100,000 to be used in the construction of such plant for this Company, it would be able to effect a saving of not less than \$25,000 per year, which would naturally accrue to the benefit of the stockholders and be paid to them as additional dividends.

The proposition of the Board of Directors as submitted by the President, and his explanation thereof, was given due consideration, and having been discussed fully, it was resolved by unanimous vote that the capital of the Company shall be increased the sum of \$100,000, which sum shall be devoted to the erection of a smelter for the purpose of treating the ores of the Company.

It was further directed that the Board of Directors shall proceed with as little delay as possible to secure subscribers to such additional stock, to be paid for in cash, which shall be issued on the same basis and be of the same class and kind, giving to the holder thereof the same rights, as possessed by the present owners of the stock of this Company. And the President and Secretary are hereby authorized and empowered to execute in behalf of this Company all necessary documents which may be required by the law in effecting such increase in the capitalization of the Company, when same shall have been subscribed.

Form No. 61 (in Spanish).

Septima Orden del Día.

“VII. Aumento de \$200,000 á \$300,000 del capital social de la Compañía.”

El Presidente enseguida manifestó que, la Compañía tenía necesidad de aumento de su capital para poder seguir con sus operaciones y para poder establecer una fundición. Además propuso el gasto necesario para enviar el metal á las fundiciones que se encontraban más cerca, y manifestó que, con la suma adicional de \$100,000 invertida en la construcción de dicha planta para ésta Compañía, podría ésta ahorrar á lo menos \$25,000 por año, lo cuál naturalmente recaería en beneficio de los accionistas, siendo dividida entre ellos como dividendos adicionales.

La debida consideración se le dió á la proposición del Consejo de Administración según fué sometida por el Presidente, y de conformidad con lo que había manifestado, y después de haber sido discutido, se resolvió por unanimidad de votos que el capital de la Compañía se aumentara con la suma de \$100,000, cuya cantidad sería erogada en la construcción de una fundición con el objeto de tratar los metales de la Compañía. Además fué ordenado que el Consejo prosiguiera sin más demora á buscar quién contribuyera á éste capital adicional, que sería pagado en efectivo, y mediante la expe-

dición de acciones bajo las mismas bases y de la misma clase, dando á los accionistas los mismos derechos, de lo accionistas actuales de la Compañía. El Presidente y el Secretario están por la presente autorizados con poder bastante para otorgar á nombre de la Compañía los documentos necesarios requeridos por la ley, para efectuar éste aumento en el capital social de la Compañía cuando éste haya sido conseguido.”

Form No. 62. Resolution to Amend Articles.

Eighth Order of the Day.

“VIII. Amendment of Article VI of the Articles of Incorporation of the Company.”

Mr. J. R. White then stated that the stockholders were of the opinion that the Board of Directors should be increased from five members to seven members, and he therefore moved that Article VI of the Articles of Incorporation be amended in this sense and that the President and Secretary of the Company be authorized to effect such amendment by proper notarial document, executing same on behalf of the Company and of the stockholders hereof. Said motion having been discussed, it was unanimously agreed as moved.

Form No. 62 (in Spanish).

Octava Orden del Día.

“VIII. Enmendatura del Artículo VI de la Escritura Constitutiva de la Compañía.”

El Sr. J. R. White declaró que los accionistas opinaban que el número de Consejeros se aumentara de cinco á siete, y por lo tanto propuso que el Artículo VI de la Escritura Constitutiva sea reformado en este sentido, y que Presidente y Secretario de la Compañía fueran autorizados para efectuar éstas enmandaturas por parte de la Compañía y los accionistas por medio de escritura pública. Habiendo sido discutida dicha proposición, se acordó por unanimidad de votos aceptarla.

Form No. 63. Resolution to Exact Responsibility of Directors.**Ninth Order of the Day.**

“IX. Action upon the question of exacting the responsibility of the members of the Board of Directors and the naming of a representative for the purpose of proceeding therefor.”

The Examiner reported that in his opinion the Directors of this Company have failed to exercise the same care in the management of the affairs of this Company as they are accustomed to use in their own business, for the reason that each and all of them as property owners are accustomed to insure their buildings against loss by fire, and that notwithstanding such fact, they have permitted the property of this Company to go uninsured against such loss. That in view of such fact and the destruction of the factory of this Company by fire on the first day of last month, this Company has suffered a loss of \$25,000, and that the members of the Board of Directors should each and severally be held responsible therefor.

After listening to the report of the Examiner, and discussion of the same, it was unanimously resolved by the stockholders (the members of the Board of Directors having first been heard, but they and each of them abstaining from voting on such resolution), that:

“**Resolved**, That the members of the Board of Directors of this Company have been negligent in the exercise of their customary care in the management of the affairs of the Company, for the reason that while in the protection of their individual interests they are accustomed to insure their properties against loss by fire, they have used no such care in the management of the affairs of this Company, and that by reason thereof this Company did, on the first day of the past month of March, 1911, suffer a complete loss through fire of its factory, valued at \$25,000.

“Resolved Further, That by reason of the negligence of said Board of Directors and the resulting loss arising therefrom to this Company, it should exact responsibility from the members thereof.

“Resolved Further, That such responsibility be so exacted.

“Resolved Further, That for the purposes of this resolution, and in order to exact such responsibility, the stockholders do name Attorney E. Dean Fuller as its attorney, giving and granting unto such attorney full power and authority to do and perform all acts and things necessary, whether judicial or extra-judicial, in order to exact such responsibility from said Directors, with full power therefor. And Mr. R. H. Graham is hereby authorized and empowered to execute in the name of this Company, a power of attorney to said Attorney E. Dean Fuller for the purposes of this resolution.”

Form No. 63 (in Spanish).

Novena Orden del Día.

“IX. Resolución sobre la cuestión de exigir la responsabilidad de los miembros del Consejo de Administración, y del nombramiento de un representante para proceder á ese fin.”

El Comisario manifestó que en su opinión los Consejeros de ésta Compañía han faltado en poner el mismo cuidado respecto al manejo de los negocios de la Compañía que el que, ellos hubieran tenido en sus propios negocios, por motivo de que, cada uno de ellos, acostumbran asegurar sus establecimientos contra incendio, y que, no obstante ésto, han permitido que las propiedades de ésta Compañía permanezcan sin seguridad alguna contra incendio. Que en vista de ésto y debido á la destrucción por incendio de la fábrica de la Compañía el día primero del mes pasado, ésta ha sufrido

una pérdida de \$25,000, y por lo tanto, á cada uno de los Consejeros se les debe hacer responsables por dicha pérdida.

Después de haber escuchado y discutido el informe del Comisario, los accionistas resolvieron por unanimidad de votos (después de oír las explicaciones de los miembros del Consejo de Administración) y sin que éstos emitieran sus votos, que:

“Resolvio, Que, los miembros del Consejo de Administración de ésta Compañía no han tenido el debido cuidado para el desempeño de sus cargos respecto al manejo de la Compañía, por razón de que, para la protección de sus bienes propios, están acostumbrados á asegurarlos contra incendio, y que han faltado en tomar ésta precaución con respecto a los bienes de la Compañía; y que, debido á esto, ésta Compañía, el día primero del mes de Marzo de 1911, sufrió por completo en un incendio, la pérdida de su fábrica la cual está valuada en \$25,000.

“Ademas se Resolvio, Que, por motivo de éste descuido de los Consejeros, y la pérdida que reporta la Compañía, debia exigir á cada uno de ellos la responsibilidad, por la falta de cumplimiento á su deber y por lo tanto.

“Se Acordó Además, Que se les exigiera dicha responsibilidad.

“Se Resolvio Tambien, Que, para los propósitos de ésta resolución y para exigir dicha responsibilidad, los accionistas nombran al Sr. Licenciado E. Dean Fuller, como apoderado de la Compañía, dándole pleno poder y autorización para hacer y obrar en nombre de la Compañía en todos los actor ya sean judiciales ó extrajudiciales, y con poder para exigir la responsibilidad de dichos Consejeros. El Sr. R. H. Graham está por la presente autorizado para, otorgar en nombre de la Compañía, un poder á favor del Licenciado E. Dean Fuller para los propósitos de ésta resolución.

Form No. 64. Resolution Declaring Dividend.**Tenth Order of the Day.**

“X. Resolution as to the application of the profits of the Company for the past social year.”

The President reported it as the opinion of the Board of Directors that while a sufficient profit has been made by the Company during the past year to enable it to pay a dividend of 15 per cent upon the capitalization of the Company, it is their judgment that not more than 10 per cent should be declared inasmuch as the needs of the Company for additional capital are many, and that the distribution of these profits in dividends will require the Company to borrow a larger sum of money from its bank in the event such profits are so distributed, and that it is preferable that at least a part thereof be retained in the treasury of the Company as undistributed profits.

After full discussion of the recommendations of the Board of Directors, it was resolved by unanimous vote as follows:

First: That 5 per cent of the net earnings of the Company be set aside for the purpose of the reserve fund of the Company.

Second: That 5 per cent of the net earnings of the Company be paid to the Directors thereof for their services during the past year.

Third: That a dividend of 10 per cent be declared upon the stock of the Company, payment thereof to be made in the offices of the Company on the first day of August, 1911.

Fourth: That whatever profits may remain after making the payments above set forth shall be kept in the treasury of the Company to be devoted to the needs thereof and to be used in its business as the Board of Directors may deem best for the interests of the Company.

Form No. 64 (in Spanish).**Décima Orden del Día.**

“X. Resolución respecto á la distribución de las ganancias de la Compañía recibidas durante el año pasado.”

El Presidente manifestó que es opinión del Consejo de Administración que, aunque las ganancias de la Compañía habían sido de suficiente importancia durante el año pasado para que puede pagar un dividendo del 15 por ciento sobre el capital social de la Compañía, no obstante esto opinaba que, no mas de un 10 por ciento se distribuyera en dividendos, porque, son muchas las necesidades de la Compañía para capital adicional, y que efectuando la distribución de todas éstas ganancias. resultaría que, la Compañía se vería obligada á hacer un préstamo de su Baneo, más grande que el acostumbrado, en caso de que fueran así distribuidas las ganancias; por lo tanto, es de preferirse que á menos una parte, sea reservada en la Tesorería de la Compañía como ganancias no distribuidas.

Después de la debida discusión de la recomendación del Consejo de Administración, se resolvió por unanimidad de votos, lo siguiente:

Primero: Que 5 por ciento de las ganancias netas de la Compañía se apartaran para el fondo de reserva.

Segundo: Que 5 por ciento las ganancias netas, se les pagaran a los Consejeros por sus servicios rendidos durante el año pasado.

Tercero: Que un dividendo de 10 por ciento se decretara para las acciones de la Compañía, cuyo pago se haría en los despachos de la Compañía el día primero de Agosto de 1911.

Cuarto: Que las ganancias sobrantes después de haber satisfecho los pagos arriba mencionados, se reservaran en la Tesorería de la Compañía, según creen los Consejeros más provechoso para los intereses de ésta.

Form No. 65. Resolution Authorizing Sale of Entire Assets.

Eleventh Order of the Day.

“XI. Consideration of a proposition for the sale of the entire property assets of the Company.”

The Secretary then read a communication from the Sierra Nevada Mines Company, Incorporated, in which said Company offered to purchase all of the property of this Company, consisting of its mineral rights, machinery, buildings, mills, tools, etc., for a consideration of \$500,000, to be paid to this Company in cash by said Sierra Nevada Mines Company, Incorporated, of Arizona, U. S. A., upon the execution of the proper legal documents in which such transfer shall be effected, and offering to deposit such funds in the possession of any banking institution in the City of Mexico, as a guarantee of the performance of its part of such agreement, which deposit will be made by it as soon as the stockholders of this Company shall have legally executed such papers, and shall have authorized some one to enter into a preliminary contract to such effect, the said Sierra Nevada Mines Company, Incorporated, being given thirty days from the date of acceptance of this proposition in which to examine the titles to the mineral rights of the Company and to approve thereof.

The above proposition having been submitted to the discussion of the meeting, and after full consideration thereof, Mr. P. J. Nieber made a motion that the following resolution be adopted, which motion being duly seconded by Mr. O. H. Holmes, was then put to a vote of the stockholders present, and was adopted by a majority of votes, 413 votes being cast in the affirmative and 55 votes being cast in the negative.

The resolution, as adopted, was as follows:

Resolved, That the proposition of the Sierra Nevada Mines Company, Incorporated, of the Territory of Arizona,

U. S. A., for the purchase of the entire properties of this Company, consisting of mineral rights, lands, machinery, buildings, mills, tools, etc., for a consideration of the sum of \$500,000, to be paid in cash, be and the same is hereby accepted, with all the conditions as set forth in said proposition.

Resolved Further, That the President and Secretary of this Company be and they are hereby authorized to immediately proceed to execute a preliminary contract for the said sale of the said properties of this Company under said terms, and that the said deposit of cash to be made by said Sierra Nevada Mines Company, Incorporated, as a guarantee of its fulfillment of the conditions of said sale, shall be made with the Mercantile Banking Company, Incorporated, of the City of Mexico.

Resolved Further, That upon the completion of the examination of the titles to the properties of this Company and the final acceptance thereof by said Sierra Nevada Mines Company, Incorporated, then and in that event the said President and Secretary are authorized, empowered and directed to execute any and all documents which may be necessary for the purpose of concluding such sale, and to execute a receipt for the said consideration for such sale.

Form No. 65 (in Spanish).

Undecima Orden del Día.

“XI. Consideración de una proposición respecto á la venta de todo el activo, en forma de propiedades de la Compañía.”

El Secretario en seguida leyo, una carta dirigida por la “Sierra Nevada Mines Company, S. A.,” en la cual ofrece comprar toda la propiedad de esta Compañía consistente en los derechos á minerales, maquinaria, edificios, terrenos, herramientas, etc., por la suma de \$500,000 pagaderos á la Compañía en efectivo por la “Sierra Nevada Mines Com-

pany, S. A." Arizona, E. U. A., al momento de otorgar los documatos correspondientes, en los cuales se hará dicho tras-paso; y ofreciendo depositar el dinero en una institución bancaria de la Ciudad de México, como garantía de su cumplimiento del convenio, cuyo depósito se hará tan pronto como los accionistas hayan legalmente otorgado la vento, así como tambien autorizado á alguna persona para celebrar un contrato preliminar á ese fin; la Sierra Nevada Mines Company S. A. solicita treinta dias á contar de la fecha en que esté aceptada dicha proposición, para examinar los títulos correspondientes á los derechos a los minerales de la Compañía para aprobarlas. Habiendose sometido dicha proposición á discusión de la Asamblea, y dada la debida consideración, el Sr. P. J. Niever propuso que la siguiente resolución sea acpetada, y después de haber sido debidamente apoyado por el Sr. O. H. Holmes, se presentó á los accionistas asistentes para su voto, y fué aceptada por mayoría de votos, 413 votos afirmativos y 55 negativos.

La resolución adoptada fué la siguiente:

Queda Determinado, Que, la proposición presentada por la Sierra Nevada Mines Company, S. A. del Territorio de Arizona, E. U. A., para la compra de todas las propiedades de ésta Compañía consistentes en los derechos minerales, terrenos, maquinaria, edificios, molinos, herramientas, etc., en la suma de \$500,000 en efectivo, sea y esté por la presente aceptada de conformidad con las condiciones estipuladas en dicha proposición.

Ademas Queda Determinado, Que, el Presidente y el Secretario de ésta Compañía sean y estén por la presente autorizados para proceder desde luego á la ejecución de un contrato ó minuta preliminar para la venta de dichas propiedades y bajo las mencionadas bases, y que el depósito de dinero que tiene que hacerse por la citada Sierra Nevada Mines Company, S. A., como garantía de su cumplimiento con los términos de dicha venta, se efectuará en el Mercantile Banking Company, S. A., de la Ciudad de México.

Ademas Queda Determinado, Que, al terminarse el exámen de los títulos correspondientes á las propiedades de ésta Compañía, y su aceptación final por la Sierra Nevada Mines Company, S. A., el Presidente y Secretario están autorizados y nombrados para otorgar todos los documentos que sean necesarios para concluir dicha venta, asi como para expedir el recibo correspondiente al importe de ella, y otorgar la escritura.

Form No. 66. Resolution Authorizing Assessment.

Twelfth Order of the Day.

“XII. Consideration and resolution on the question of assessment of the stock of the Company.”

The President advised that it will be necessary for the Company, in order to proceed with its development work, to secure further funds, and that as there remains an assessable value on the shares of the stock of the Company to the amount of 60 per cent thereof, the Board of Directors recommends that this meeting authorize a further assessment therein of 20 per cent on such stock, such assessments to be called for at such times and in such amounts as the Board of Directors may deem necessary for the use of the Company.

After due consideration of the recommendations of the President, it was

Resolved, That the Board of Directors is hereby authorized and empowered to assess the stock of this Company on account of the unpaid value thereof in a sum not to exceed 20 per cent of the par value thereof; said Board of Directors being authorized to issue calls therefor in installments of such parts thereof as in its judgment may be deemed necessary, fixing in such calls the time for the payments thereof and publishing notice of such calls for at least one time in the Diario Oficial, which publication shall be made at least thirty days before the date upon which such assessment shall become due and payable.

Form No. 66 (in Spanish).**Duodécima Orden del Día.**

“XII. Consideración y resolución del impuesto de exhibiciones sobre las acciones de la Compañía.”

El Presidente manifestó que para poder la Compañía seguir con el ensanchamiento de sus negocios, es necesario que ésta se procurara fondos adicionales, y que como quedaban para exhibirse todavía sobre las acciones emitidas la suma de 60 por ciento, el Consejo de Administración recomendó que, ésta junta autorizara una exhibición adicional de 20 por ciento sobre el valor á la par de dichas acciones, siendo éstas anunciadas cuando el Consejo de Administración lo crea necesario, y fijando éste las cantidades que le convengan, para el uso de la Compañía.

Después de la debida consideración á la recomendación del Presidente, se

Resolvio, Que el Consejo de Administración está por la presente autorizado para exigir sobre las acciones de ésta Compañía exhibiciones á cuenta del valor á la par de éstas, que no exceda de 20 por ciento ; dicho Consejo de Administración está autorizado para hacer avisos exigiendo el pago en abonos sobre las acciones por las sumas que crean ellos necesarias, y fijando en dichos avisos, el tiempo de pago, y publicando el aviso á lo menos una vez en el Diario Oficial, cuya publicación se hará cuando menos con treinta días de anticipación á la fecha en que dicha exhibición venza y sea pagadera.

Form No. 67. Resolution Authorizing Consolidation with Another Company.**Thirteenth Order of the Day.**

“XIII. Consideration and resolution on a proposition for the consolidation of this Company with the Mexico Nuevo Mining Company.”

The Secretary then read a communication from the Mexico Nuevo Mining Company, Incorporated, proposing the con-

solidation of this Company with said Company, and offering to issue to the stockholders of this Company two of the shares of stocks of said Company, of the par value of \$100.00 each, for each and every share of stock of this Company, for the purpose of effecting such consolidation.

It was then moved by Mr. H. E. White and seconded by Mr. R. O. Whitaker, as follows:

Resolved, That this Company shall consolidate with the Mexico Nuevo Mining Company, Incorporated, upon the basis that the stockholders of this Company shall receive two of the shares of the said Mexico Nuevo Mining Company, Incorporated, for each of the shares of stock of this Company, to be delivered to this Company at the time of execution of the said contract of consolidation.

Resolved Further, That the Secretary of this Company shall immediately proceed with the publication of the notice of consolidation, as provided for in Chapter VIII of the Code of Commerce.

Resolved Further, That the Company shall at once proceed to pay all of its debts in cash, as well as to effect liquidation of the claims of all stockholders legally dissenting from this liquidation, which payments shall be made upon the basis of the assets corresponding to each share of stock of this Company as shown by the approved balance sheet of this date.

Resolved Further, That the time required for the publication of the notice of the consolidation having been completed as provided by law, and the obligation of the creditors and dissenting stockholders of the Company having been liquidated, then the President and Secretary of this Company shall proceed to execute the documents necessary for the purpose of carrying into effect the said consolidation, and that the said Mexico Nuevo Mining Company, Incorporated, shall then deliver to the stockholders of this Company the corresponding shares of stocks of said Company upon the

delivery of the corresponding stock certificates of this Company by the owners thereof.

There being present at this meeting the required numbers of shares for the purpose of the adoption of said resolution, as shown by the list of stockholders, the President proceeded to put said resolution to vote and same was unanimously carried.

Form No. 67 (in Spanish).

Decima Tercera Orden del Día.

“XIII. Consideración y resolución sobre una proposición con respecto á la fusión de ésta Compañía con la ‘Mexico Nuevo Mining Company.’ ”

El Secretario en seguida leyó una comunicación dirigida por la Mexico Nuevo Mining Company, S. A., en la cual propone: la fusión de ésta Compañía con aquella, ofreciendo extender á los accionistas de ésta Compañía dos acciones de dicha Compañía con valor á la par de \$100.00 cada una, por cada accion de ésta Compañía, con el objeto de efectuar dicha consolidación. Enseguida se propuso por el Sr. H. E. White y se apoyó por el Sr. R. O. Whitaker lo siguiente:

Queda Determinado, Que ésta Compañía sea consolidada con la “Mexico Nuevo Mining Company, S. A.,” bajo las bases de que los accionistas de ésta Compañía, reciban dos de las acciones de la “Mexico Nuevo Mining Company, S. A.,” por cada una de las acciones de ésta Compañía, las cuales se entregarán á ésta Compañía al tiempo de firmarse el contrato de fusión.

Ademas Queda Determinado, Que, el Secretario de ésta Compañía proceda desde luego á la publicación del aviso respecto á dicha fusión, de acuerdo con lo estipulado en el Capítulo VIII. del Código de Comercio.

Queda Determinado Tambien, Que, la Compañía comenzará desde luego á pagar sus adeudos en efectivo, así como

también á liquidar los adeudos de los accionistas legalmente opuestas á ésta consolidación, cuyo pago se hará bajo la base del activo correspondiente á cada acción de ésta Compañía según demuestra el balance general aprobado de esta fecha.

Ademas Queda Determinado, Que habiendose cumplido el plazo previsto por la ley para la publicación del aviso de la consolidación, y habiendose liquidado los pagos de las obligaciones á los acreedores y los accionistas dissidentes, el Presidente y el Secretario de ésta Compañía, procederán desde luego, á extender los documentos necesarios para la fusión con la citada Mexico Nuevo Mining Company, S. A., y para entregar á los accionistas de ésta Compañía, los títulos correspondientes de dicha Compañía, al cangearse por los tenedores los certificados de acciones correspondientes de esta Compañía.

Habiendo concurrido á ésta junta el número suficiente de accionistas para la adopción de dicha resolución, lo cual se demuestra por la lista de presencia, el Presidente prosiguió á poner á votación dicha resolución, la cual fué acordada por unanimidad.

Form No. 68. Resolution of Liquidation.

Fourteenth Order of the Day.

“XIV. Consideration and resolution upon the question of the liquidation of the Company.”

The treasurer then stated that owing to the failure of the Company to realize its expectations of success in its undertakings; and in view of the fact that the Company has lost more than one-third of its authorized capital; and that the prospects for its success appear to be remote and doubtful, it is the opinion of the Board of Directors that its affairs should be wound up, its life be brought to a close, and that its business be liquidated.

After due consideration of the suggestion made, it was unanimously resolved, in accordance with the motion of Mr. J. E. Snider, seconded by Mr. J. H. Long, as follows :

Resolved, That this Company proceed at once to suspend its operation and to liquidate its affairs through the collection of all its credits, the sale of its assets; payment of its debts and liabilities, and the distribution of any sum then remaining, among the holders of its stocks, upon the basis of its articles of incorporation and in the manner provided by the said article, the by-laws of the Company, and by law.

Form No. 68 (in Spanish).

Decima Cuarta Orden del Día.

“XV. Consideración y resolución respecto á la liquidacion de la Compañía.”

El Tesorero en seguida dijo que debido á que la Compañía no podría realizar sus perspectivas en relacion al progreso de sus empresas, y en vista de que la Compañía ha perdido más de la tercera parte de su capital social, y que, las esperanzas de su progreso aparecen ser dudosas, es la opinión del Consejo de Administración que los negocios de ésta deben ser terminados y liquidados.

Después de la debida consideración á la proposición, se resolvió per unanimidad de votos y de acuerdo con lo propuesto por el Señor J. E. Snider y apoyado por el Señor J. H. Long, lo siguiente :

Queda Determinado, Que ésta Compañía proceda desde luego á suspender sus operaciones y liquidar sus adeudos por medio del cobro á sus deudores y de la venta de su activo, y el pago de sus deudas y obligaciones, y la distribución del remanente, entre los accionistas, de conformidad con la Escritura Constitutiva, los Estatutos de la Compañía y la ley.

Form No. 69. Resolution Naming Liquidators.**Fifteenth Order of the Day.**

“XV. The selection of three liquidators, for the purpose of the liquidation of the affairs of the Company, in the event of the adoption of a resolution of liquidation.”

Upon motion of Mr. J. H. Brown, seconded by Mr. F. E. Carrothers, it was unanimously resolved as follows:

Resolved, That for the purpose of the liquidation of this Company, Messrs. J. E. Snider, J. E. Long and D. S. Stephens, be and they are hereby appointed as a Committee of Liquidation of this Company, with full power and authority to do and perform all acts and things necessary for the purpose of effecting the liquidation hereof, including the powers enumerated in the articles of incorporation and by-laws, and as provided in the Code of Commerce; and especially empowering said liquidators to represent the Company in all matters, whether judicial or extra-judicial, as the needs of the Company may make necessary; and to call meetings of the stockholders by publication of notice in the same manner as provided in the by-laws for the calling thereof by the Board of Directors or by the Examiner.

Form No. 69 (in Spanish).**Decima Quinta Orden del Día.**

“XV. El nombramiento de tres liquidadores, con el propósito de hacer la liquidación del negocio de la Compañía, en caso de la adopción de una resolución á ese efecto.”

Sobre la proposición del Señor J. H. Brown, la cuál fué apoyada por el Señor F. E. Carrothers, se resolvió por unanimidad lo siguiente:

Queda Determinado, Que, para la liquidación de ésta Compañía fueran electos los Señores J. E. Snider, J. E. Long y

D. S. Stephens, quienes están por la presente nombrados como Comisión para la liquidación de ésta Compañía, con pleno poder y autorizacion para hacer y desempeñar todos los actos que crean necesarios para llevar á cabo dicha liquidación, inclusivo la autorización estipulada en la Escritura Constitiva y en los Estatutos, y de conformidad con lo previsto en el Código de Comercio; confiriendo especialmente á dichos liquidadores, poder para que, representen á la Compañía en todos sus asuntos, sean judiciales ó extra judiciales, según requieran, las necesidades de la Compañía, y para convocar juntas de los accionistas por medio de aviso publicado de la manera prevista por los Estatutos para las convocatorias de los Consejeros ó el Comisario.

Form No. 70. Resolution Approving Stockholders' Claims Under Liquidation.

Sixteenth Order of the Day.

“XVI. Consideration and resolution on the claims presented by the stockholders to the liquidators.”

The Secretary of the meeting then proceeded to read the list of the claims made by stockholders for participation in the remaining assets of the Company by reason of their stock holdings herein, and stated that all of the stock has been thus presented to the Liquidating Committee; and that having examined the proofs thereof that such claims have been found to be true and correct, and the Liquidating Committee therefore recommends the approval of same, and that such stockholders be allowed to participate in such distribution of the assets of the Company.

It was then resolved by unanimous vote that the recommendation of the Liquidating Committee, be accepted and that the said claims of stockholders as so presented, be approved and allowed; and the Secretary was directed to attach said claims and the evidence of the rights as such claim-

ants so presented, to the duplicate minutes of this meeting, in order that they may form a part thereof.

Form No. 70 (in Spanish).

Décima Sexta Orden del Día.

“XVI. Consideración y resolución respecto á las reclamaciones presentadas por los accionistas á los Liquidadores.”

El Secretario de la junta procedió á dar lectura á la lista de las reclamaciones hechas por los accionistas para participar en los bienes restantes de la Compañía por motivo de ser tenedores de acciones én ésta, y dijo que, habiéndose así presentado todas las acciones á la Comision de Liquidadores, y ésta habiendo examinado las, pruebas de éstas reclamaciones, se encontraron verdaderas y exactas, y que, por lo tanto; la Comision Liquidadora recomendar á su aprobación, y que a fin de que tengan derecho de participar en la distribución del activo de la Compañía.

Enseguida se resolvió por unanimidad de votos que, las recomendaciones de la Comisión Liquidadora sean aceptadas, y que, las reclamaciones de los accionistas según se habían presentado, sean aprobadas; y al Secretario se le ordenó adjuntar dichas reclamaciones y pruebas de los derechos de los reclamantes, á las actas en duplicado de ésta junta, para que formaran parte de ésta.

Form No. 71. Resolution to Adjourn to Later Date.—It was then moved and seconded that as the Manager of the Company will require at least two days in which to compile the data requested by this meeting, and as it will be inconvenient to defer action therein until another meeting can be called, that this meeting be adjourned until June 16th, 1911, at 11:00 o'clock of the forenoon of said day, to then reconvene in the offices of the Company for the purpose of fur-

ther consideration of the matters set forth in the order of the day.

Form No. 71 (in Spanish).—Enseguida se propuso y se apoyó que por razón de que el Gerente de la Compañía necesitará cuando menos, dos días para poder completar los informes pedidos por ésta junta, y que, como será algo inconveniente suspender la resolución sobre éste punto, hasta que, otra junta se convoque, se resolvió se suspendiera ésta sesión hasta el día 16 de Junio de 1911, á las once de la mañana, para volver á reunirse en aquel día, y en los despachos de la Compañía con el objeto de seguir trantando los asuntos propuestos en el Orden del Día.

Form No. 72. Beginning Minutes of Adjourned Meeting.—In the City of Mexico, at 11:00 o'clock in the forenoon of the 16th day of June, 1911, and in the offices of the United States Shoe Manufacturing Company, Incorporated, the stockholders' meeting set for the 14th day of June, 1911, was reconvened in accordance with the resolution for said adjournment, as adopted at such meeting, the President occupying the chair and the Secretary acting as such. The meeting then proceeded with the order of the day for such meeting.

Form No. 72 (in Spanish).—En la Ciudad de México, á las doce de la mañana del día 16 de Junio de 1911, en los despachos de la United States Shoe Manufacturing Company, S. A., se reunió de nuevo la Asamblea de accionistas fijada para el día 14 de Junio, de acuerdo con la resolución para la suspensión de éste según fué adoptada, fungiendo en sus puestos tanto el Presidente como el Secretario. Enseguida la junta procedió al orden del día señalada.

CHAPTER XXXI.

DIRECTORS' SUBSEQUENT MEETINGS.

Form No. 73. First Clause of Regular Meeting.—In the City of Mexico, at three o'clock in the afternoon of the 17th day of June, 1911, in the offices of the Puebla Tanning Company, Incorporated, there were assembled the members of the Board of Directors of said Company, in pursuance to call for the regular meeting thereof, there being present all of the members of the said Board of Directors, or R. H. Robertson, J. H. Weiter, J. S. Pattinson and J. H. Hogarth.

Mr. R. H. Robertson occupied the presidency, and Mr. J. Schufeldt acted as Secretary.

Form No. 73 (in Spanish).—En la Ciudad de México, á las tres de la tarde del día 17 de Junio de 1911, se reunieron en los despachos de la Puebla Tanning Company, S. A., los miembros del Consejo de Administración de ésta Compañía, de acuerdo con la convocatoria publicada, á la junta ordinaria de ésta, estando presentes todos los miembros del Consejo, ó sean los Señores R. H. Robertson, J. H. Weiter, J. S. Pattinson y J. H. Hogarth.

El Sr. R. H. Robertson ocupó la presidencia, y el Sr. J. H. Hogarth fungió como Secretario.

Form No. 74. First Clause of Special Meeting.—In the City of Mexico, at seven o'clock in the afternoon of the 27th day of June, 1911, in the offices of the Mexico Real Estate Company, Incorporated, there were assembled the members of the Board of Directors of said Company, in accordance with the call issued by the President of the Company for the holding of a special meeting of the said Board of Directors, for the purpose of consideration of the matters set forth in said call as requiring the immediate action thereof.

There were present at the meeting all of the Directors of the Company, consisting of Messrs. M. B. Katze, W. H. Schufeldt and H. R. Hayes.

Mr. M. B. Katze occupied the presidency, and Mr. W. H. Schufeldt acted as Secretary.

A quorum being present the President declared the meeting open for the transaction of business.

Form No. 74 (in Spanish).—En la Ciudad de México, á las siete de la tarde del día 27 de Junio de 1911, se reunieron en los despachos de la Mexico Real Estate Company, S. A., los miembros del Consejo de Administración de ésta Compañía de acuerdo con la convocatoria, hecha por el Presidente de la Compañía para la verificación de una junta especial de dicho Consejo de Administración, con el objeto de considerar los puntos estipulados en dicha convocatoria, requiriendo la inmediata atención. Asistieron á dicha junta todos los miembros del Consejo de Administración de la Compañía, consistentes en los Señores M. B. Katze, W. H. Schufeldt y H. R. Hayes.

El Sr. M. B. Katze ocupó la presidencia, y el Sr. W. H. Schufeldt fungió como Secretario.

Estando integrado un quorum, el Presidente declaró la junta debidamente instalada para la transacción de negocios.

Form No. 75. Resolution of Bond from Treasurer.—Upon motion of Mr. S. J. Pattinson, duly seconded by Mr. J. H. Hogarth, it was unanimously resolved that the Treasurer of the Company shall furnish a bond in the sum of \$10,000, to be signed by some Surety Company, and to be issued in favor of this Company, guarantying the faithful performance of the duties of said Treasurer; and that this Company shall pay the premium for said bond.

Form No. 75 (in Spanish).—Sobre la proposición del Señor S. J. Pattinson, debidamente apoyada por el Sr. J. H.

Hogarth, se resolvió por unanimidad que el Tesorero de la Compañía dará una fianza por la suma de \$10,000, firmada por alguna Compañía de Fianzas, y extendida á favor de ésta Compañía, garantizando el cumplimiento del manejo del Tesorero de su puesto; pagando la Compañía el premio de dicha fianza.

Form No. 76. Resolution to Open Bank Account, Naming Bank.—Upon motion duly seconded, it was resolved that the funds of this Company shall be kept on deposit in a banking institution in this city, and that such funds shall be withdrawn therefrom only upon checks signed and countersigned by the Treasurer and President respectively, of the Company. It was further resolved that the depository for the funds of the Company shall be the Mercantile Banking Company, Limited, Incorporated, of Mexico City.

Form No. 76 (in Spanish).—Sobre una proposición debidamente apoyada, se resolvió que, los fondos de ésta Compañía se guardaran como depósito en una institución bancaria de ésta Ciudad, y que dichos fondos se retiraran únicamente por medio de cheques llevando las firmas auténticas del Presidente y Tesorero respectivamente. Además se resolvió que, el lugar donde se hará el depósito de los fondos de la Compañía, será la Compañía Bancaria Mercantil, Limitada, S. A. de la Ciudad de México.

Form No. 77. Resolution to Pay Bills.—The Secretary then presented a list of accounts owing by this Company, which were accompanied by the proper approval of the Manager hereof; and after an examination thereof and the corresponding explanation of them, the following accounts were allowed by unanimous vote and the Treasurer was authorized to issue checks in payment of same, to-wit:

Form No. 77 (in Spanish).—El Secretario enseguida presentó una lista de las cuentas que adeuda la Compañía, acom-

pañáda del aviso de aprobación del Gerente de la Compañía; y después del debido exámen y las explicaciones correspondientes, las cuentas siguientes fueron aceptadas por unanimidad de votos, y el Tesorero fué autorizado para extender cheques por sus pagos:

Form No. 78. Resolution Authorizing Contract.—The President stated that as the Company is badly in need of additional space with which to carry on its manufacturing enterprise, he has been treating with the owner of the property adjoining the factory of the Company for the purpose of endeavoring to secure a rental contract thereon, and that he has secured a proposition for a lease thereof for a term of ten years at an annual rental of \$1000, to be paid in semi-annual payments at the beginning of such terms. After fully considering the proposition, it was resolved by unanimous vote to authorize the execution of the contract of rental of said premises, and to such effect the President was authorized and directed to execute said contract for and on behalf of the Company.

Form No. 78 (in Spanish).—El Presidente manifestó que, como la Compañía tenía necesidad de más espacio para poder desarrollar sus manufacturas, había tratado con el dueño del terreno colindante á la fábrica de la Compañía, con el objeto de procurar un contrato de arrendamiento, y que ha conseguido una proposición para el arrendamiento de dicho terreno por una plazo de diez años, con una renta anual de \$1000, pagadera semestralmente al principio de cada período. Después de haber dado la debida considéración á ésta proposición, se revolvió por unanimidad de votos autorizar la ejecución de un contrato de arrendamiento para el terreno, y á ese fin el Presidente fué autorizado y ordenado para otorgar dicho contrato á nombre de la Compañía.

Form No. 79. Resolution Accepting and Approving Report.—The Secretary then proceeded to read the report of

the progress of the business of the Company for the month of May, as submitted by the General Manager of the Company, which after having been discussed in general and in particular, was accepted and approved by unanimous vote.

Form No. 79 (in Spanish).—El Secretario enseguida procedió á dar lectura del informe respecto al desarrollo de los negocios de la Compañía durante el mes de Mayo según se había sometido por el Gerente General, lo cual después de haber sido discutido en general y en particular, fué aceptada y aprobada por unanimidad de votos.

Form No. 80. Resolution Accepting Resignation.—The Secretary then proceeded to read a communication from Mr. M. N. Harvison, in which the latter tendered his resignation as a member of the Board of Directors of this Company, stating that such resignation is brought about through the failure of his health and his inability to attend the meeting of this Board in consequence of such fact. Such resignation was accepted by unanimous vote, and the Secretary was directed to notify Mr. Harvison of such fact, together with an expression of regrets of the Board of Directors.

Form No. 80 (in Spanish).—El Secretario dió lectura á una comunicación dirigida por el Sr. M. N. Harvison en la cuál éste presenta su renuncia como miembro del Consejo de Administración de la Compañía, manifestando que, le ha sido necesario hacer esto por motivo de que, está en mala salud, y le es imposible asistir á las juntas del Consejo. Dicha renuncia fué aceptada por unanimidad de votos, y el Secretario fué ordenado á avisar al Sr. Harvison á éste efecto, asi como tambien manifestarle la pena que sentía el Consejo de Administración.

Form No. 81. Resolution Filling Vacancy.—The Board then proceeded to fill the vacancy caused by the resignation of Mr. M. H. Harvison as a member of such body, and to

such effect Mr. S. F. Rounds was elected by unanimous vote to fill such vacancy for the unexpired term of office of Mr. Harvison or until his successor shall have been elected by the stockholders of the Company. The Secretary was directed to notify Mr. Rounds of his said appointment.

Form No. 81 (in Spanish).—El Consejo procedió entonces á ocupar la vacante causada por la renuncia del Sr. M. H. Harvison como miembro de ese cuerpo, y á ese afecto fué el Sr. S. F. Rounds electo por unanimidad de votos para ocupar el puesto del Sr. Harvison por el término que corresponde á éste para desempeñar su cargo, ó hasta que su sucesor haya sido electo por los accionistas de la Compañía. El Secretario fué comisionado para notificar al Sr. Rounds de su nuevo puesto.

Form No. 82. Resolution to Call Stockholders' Meeting.—It was resolved by unanimous vote to call the general meeting of stockholders, to be held in the offices of the Company at four o'clock in the afternoon of the 27th July, 1911, under the following order of the day:

I. Report of the Board of Directors.

II. Presentation of the general balance of the Company for the business year ending on the 30th day of June, 1911.

III. Resolution as to the application of the profits of the Company, as shown by its general balance.

IV. Election of the new members of the Board of Directors for the incoming social year.

V. Election of the new Examiner for the incoming social year.

The Secretary was authorized and directed to publish the notice of such meeting in accordance with the by-laws of the Company.

Form No. 82 (in Spanish).—Se resolvió por unanimidad de votos á convocar la junta general de accionistas, la

cuál se verificará en los despachos de la Compañía á las cuatro de la tarde del día 27 de Julio de 1911, bajo la siguiente Orden del Día :

I. Informes del Consejo de Administración.

II. Presentación del balance general de los negocios de la Compañía por el año que terminó el día 30 de Junio de 1911.

III. Resolución respecto á la distribución de las utilidades de la Compañía según demuestra el balance general.

IV. Elección de los nuevos miembros del Consejo de Administración para el año social entrante.

V. Elección del nuevo Comisario para el año social entrante.

El Secretario fué autorizado y ordenado para publicar el aviso de dicha junta de acuerdo con los Estatutos de la Compañía.

Form No. 83. Resolution to Pay Intermediate Dividend.

It was resolved by unanimous vote that inasmuch as the profits of the Company for the semi-annual period ending on the 30th day of June, 1911, as evidenced by the general balance to said date, show a profit upon the capital stock of the Company in excess of 20 per cent, and as the Company is under no immediate need for such funds, that it is to the interest of the stockholders of this Company that a part at least of said accumulated dividends be paid to such stockholders. Therefore, it was resolved, in exercise of the right conferred upon the Board of Directors, to declare an intermediate dividend of 8 per cent upon the stock of the Company, and the Secretary was accordingly instructed to notify the stockholders to this effect by publication of notice of this resolution in the Diario Oficial for three consecutive times, such dividend to be payable in the offices of this Company on and after the first day of August, 1911.

Form No. 83 (in Spanish).—Se resolvió por unanimidad de votos que habiendo acumulado una ganancia para la Compañía durante el período semestral terminado el día 30 de Junio de 1911, de un 20 per cent sobre el capital social de ésta, según el balance general de la fecha indicada, y que, como la Compañía no tiene en qué emplear éstos fondos, serían para el beneficio de los accionistas en repartir las en parte entre ellos. Por lo tanto se resolvió que de acuerdo con el poder conferido al Consejo de Administración, se declarara un dividendo intermedio de 8 por ciento sobre el capital de la Compañía; y el Secretario por lo tanto fué comisionado para notificaro á los accionistas por medio de aviso publicado en el Diario Oficial por tres veces consecutivas, debiendo ser pagado dicho dividendo en los despachos de la Compañía desde el día primero de Agosto de 1911.

Form No. 84. Resolution Authorizing Execution of Power of Attorney.—It was resolved by unanimous vote that this Company shall extend a power of attorney in favor of Attorney E. Dean Fuller, to represent it in all litigation, as well as in all other matters, before the courts of Mexico and before the departments of the Government thereof; and that the President of this Company is hereby authorized and empowered to execute such document for and on behalf of this Company and in its name.

Form No. 84 (in Spanish).—Se resolvió por unanimidad de votos que, ésta Compañía extendiera un poder á favor del Licenciado E. Dean Fuller para que este la represente en todo litigio, así como también en otros asuntos ante los Tribunales de México, y ante los Departamentos del Gobierno; y que el Presidente de ésta Compañía está por la presente autorizado y comisionado para otorgar dicho documento en nombre de la Compañía.

Form No. 85. Resolution to Make Assessment on Stock.—

It was resolved by unanimous vote to issue a call for an assessment upon the stock of this Company and on account of the unpaid part thereof, of 10 per cent, to become payable in the offices of this Company on the first day of July, 1911, under the penalties for failure of stockholders to make payment thereof as provided for in the by-laws of the Company. The Secretary was further authorized and instructed to publish notice of this call in the *Diario Oficial* for three consecutive times.

Form No. 85 (in Spanish).—Se resolvió por unanimidad de votos á exigir una exhibición de 10 por ciento sobre el capital de ésta Compañía y por las acciones que aún no están totalmente pagadas, el cuál se satisfará en los despachos de la Compañía el día primero de Julio de 1911 bajo la pena de la falta de cumplimiento de los accionistas á hacer el pago según previene los Estatutos de la Compañía. El Secretario fué además autorizado y comisionado para publicar un aviso de ésta exhibición en el *Diario Oficial* por tres veces consecutivas.

CHAPTER XXXII.

NOTICES.

Form No. 86. Notice of Assessment by Directors.

San Juan Mining Company, Incorporated.

Notice.

The Board of Directors of this Company, in its meeting on the 12th day of this month, ordered the placing of the 9th call of \$1.00 per share upon the stock of this Company, and that such call must be paid on or before 7 p. m. of the first day of June, 1911, in the offices of the Company, situated at number 1, of Gante street, Mexico City, under penalty of the sale of the shares which may default in such payments, which sale shall be made in accordance with the provisions of the by-laws thereof.

Mexico, D. F., May 14th, 1911.

J. H. STRONG,
Secretary.

Form No. 86 (in Spanish).

El Consejo de Administración de ésta Compañía en una junta verificada el día 12 de éste más, exigió el pago de la novena exhibición de \$1.00 por cada accion del capital de la Compañía, y que dicha exhibición se pagará antes de las siete p. m. del día primero de Junio de 1911, en los despachos de la Compañía, situadas en el número primero de la calle de Gante, en la Ciudad de México, bajo la pena de la venta de las acciones que hayan faltado á sus pagos, cuya venta se hará de conformidad con lo estipulado en los Estatutos.

México, D. F., Mayo 14 de 1911.

J. H. STRONG,
Secretario.

Form No. 87. Notice of Assessment by Stockholders.

Mexican Colonization Company, Incorporated.

Notice.

The stockholders of this Company, in an extraordinary meeting held on the 19th day of June, 1911, by resolution legally adopted, authorized an assessment of 10 per cent of the par value on account of the unpaid balance due on the stock of this Company, which assessment shall become due and be payable in the offices of this Company on or before the first day of July, 1911, under penalties of forfeiture as provided in the by-laws thereof. Notice of which resolution is hereby given, in accordance with such resolution.

Mexico, D. F., May 20th, 1911.

A. C. SMITHERS,

Secretary.

Form No. 87 (in Spanish).

Mexican Colonization Company, Sociedad Anónima.

Aviso.

Los accionistas de ésta Compañía, en una junta extraordinaria verificada el día 19 de Mayo de 1911, por medio de una resolución legalmente aceptada, autorizaron una exhibición de 10 por ciento sobre el valor á la par de las acciones de la Compañía que no estaban pagadas por entero, cuyo exhibición vencerá y se pagará en los despachos de ésta Compañía, el día primero de Julio de 1911, bajo la pena de multa, de acuerdo con lo estipulado en los Estatutos de la Compañía. Haciendose el aviso de ésta, de acuerdo con dicha resolución.

México, D. F., Mayo 20 de 1911.

A. C. SMITHERS,

Secretario.

Form No. 88. Notice of Sale of Stock for Failure to Pay Assessment.

San Juan Mining Company, Incorporated.

Notice.

The Board of Directors of this Company hereby notifies the stockholders thereof that in accordance with the powers conceded to it by article 17 of the by-laws of the Company, it will offer for sale and will sell on the 5th day of July, 1911, the bearer shares thereof, numbers 1960, 1961, 1963 and 1964, by reason of the fact that the holders of such stock certificates have failed to make payments of the ninth assessment thereon which became due on the first day of June, 1911; said sale to be made through the titled broker, Francisco de Asper, unless payment is previously made of said calls.

Notice of which is hereby given to the public in order that it may be present at such sale, and furthermore that it may treat such shares accordingly in their operation in relation thereat.

Mexico, June 4th, 1911.

J. H. STRONG,
Secretary.

Form No. 88 (in Spanish).

San Juan Mining Company, Sociedad Anónima.

Aviso.

El Consejo de Administración de ésta Compañía por la presente participa á los accionistas, que de acuerdo con el poder que tienen conferido por el Artículo 17 de los Estatutos de ésta Compañía, pondrán á la venta y venderán el día cinco de Julio de 1911, las acciones portadoras numeros 1960, 1961, 1962, 1963 y 1964, por motivo de que los tenedores de éstas acciones, han faltado en cumplir con el pago de la novena exhibición que venció el día primero de Junio

de 1911; dicha venta se hará por el Sr. Francisco de P. Aspe, que es corredor titulado, solamente que el pago se haya hecho previamente no se procederá a la venta, dando por la presente aviso al público para que pueda asistir á la venta y además para que pueda tratar con éstas acciones según les convenga.

México, D. F., Junio 4 de 1911.

J. H. STRONG,
Secretario.

Form No. 89. Notice of Cancelling of Stock for Non-Payment of Assessment.

San Juan Mining Company, Incorporated.

Notice.

Notice is hereby given that the holders of the following shares of this Company have failed to pay the installment due on account thereof as per call of the Board of Directors, said shares being, to-wit: those represented by stock certificates numbers 1960, 1961, 1962, 1963 and 1964, and which were sold pursuant to legal notice thereof, by titled broker, Francisco de Aspe, on the 5th day of July, 1911, for which reason the old certificates for such shares are null and void. Notice of which fact is hereby given to the public in order that it may be governed accordingly in treating of the purchase of such stock certificates so annulled.

Mexico, D. F., July 6th, 1911.

J. H. STRONG,
Secretary.

Form No. 89 (in Spanish).

San Juan Mining Company, S. A.

Por la presente se participa que los tenedores de las siguientes acciones de ésta Compañía, han faltado á pagar la

exhibición vencida á cuenta de ellas según el aviso dado por el Consejo de Administración, siendo estas las siguientes acciones :

Las que están representadas por los certificados de acciones números 1960, 1961, 1962, 1963 y 1964 que fueron vendidas de acuerdo con el aviso á ese efecto, por el Corredor titulado Sr. Francisco de P. Aspe el día 5 de Julio de 1911, por cuya razon los certificados viejos quedan sin valor y nulificados. Dándose aviso por la presente al público para que proceda como le convenga en la compra de los certificados de acciones asi nulificados.

México, D. F., Julio 6 de 1911.

J. H. STRONG,
Secretario.

Form No. 90. Notice of Declaring Dividend.

United States Shoe Manufacturing Company, Incorporated.

Notice of Dividend.

The general stockholders' meeting of this Company, held on the 24th day of January, 1911, ordered the payment on account of the profits of the Company for the year 1910, of the additional sum of \$24,000 between the 3000 shares of stock of this Company, or \$8.00 per share, which sum will be paid upon delivery of dividend coupon number 7 of said stock certificates. The payment will be made in the offices of the Company on and after March first, 1911.

Mexico, D. F., February 23rd, 1911.

UNITED STATES SHOE MANUFACTURING COMPANY

R. H. Robertson,
Secretary.

Form No. 90 (in Spanish).

United States Shoe Manufacturing Company,
Sociedad Anónima.

Aviso de Dividendo.

La Junta ordinaria de accionistas de ésta Compañía, verificada el día 24 de Enero de 1911, decretó el pago, por motivo de las utilidades obtenidas por la Compañía durante el año de 1910, de una suma adicional de \$24,000 para repartirse entre las 3000 acciones del capital de la Compañía, ó sea \$8.00 por cada acción, cuyo pago se hará al entregarse el cupón número 7 de los certificados y en los Despachos de la Compañía el día primero de Marzo de 1911.

Mexico, D. F., Febrero 23 de 1911.

UNITED STATES SHOE MANUFACTURING COMPANY.

R. H. Robertson,

Secretario.

CHAPTER XXXIII.

POWERS OF ATTORNEY.

Powers of attorney are required for many purposes where not required under the laws of the United States and other common law countries.

While under the laws of such countries an attorney may appear in prosecution or in defense in litigation without such evidence of his authority, and an officer of a company may prove his right to execute a notarial document merely by making oath to the office held by him and his power thereunder, such is not the practice in Mexico, where his authority must be proved by a legally executed document; or, in the case of an officer of a corporation, by the evidence of such authority, showing his election to the office and the authority conferred upon him under the by-laws, or by special resolution in which this was done.

While the authority may be proved by such records, yet it is usual and far more convenient, where the representative or the corporation is frequently called upon to prove his authority before courts, the different departments of the Government, or before notaries public, to adopt a resolution at a stockholders' or directors' meeting, authorizing some stockholder or other director, to execute a power of attorney, in which is conferred such powers as may be desired, upon some person or persons. Such resolution will then form the basis for the power of attorney which will be executed, and thereafter the notarial copy of same may be used upon all occasions when required.

Form No. 91. Power of Attorney Authorizing Representation of Company in Litigation.—In Mexico, on the 9th day of August, 1910, before me, Heriberto Molina, Notary number 78 of this city, assisted by the witnesses whose capacity will be expressed, appeared Mr. Khleber Miller Van Zandt,

Junior, in his character of manager of the Mercantile Banking Company, Limited, and conferred a power of attorney on Mr. Attorney E. Dean Fuller, in order that he might represent the said Company in all of its judicial matters, for which effect the said attorney is invested with all of the faculties of a judicial agent, and, furthermore with the following express powers which are conferred: Commence suits and necessary demands; to bring attachment suits; to desist from any suit or action which may have been brought, including suits in amparo; concede time and effect releases; present questions for depositions and reply to depositions; receive property; acknowledge signatures and documents; extend the jurisdiction of courts and insist upon their jurisdiction; secure change of venue with or without reasons given; compromise and submit to arbitrators or arbitration; stipulate the basis of compromises, the form of the arbitration, the penalties which are agreed to, naming the proper judges, request execution of the resolutions, agreements and judgments, make offers and bids in auctions for the purpose of purchase or request the adjudication of the attached property; substitute this power and revoke such substitutes. The authority of Mr. Van Zandt, Junior, is properly proven by the public document of the 24th day of May, 1909, executed in this city before Notary Antonio Sanchez Aldana, in which document Mr. Addison H. McKay, as President of said Company, conferred such power. From the certified copy of such public document, which the subscribing notary states he has seen, the following is copied:

“It being provided in the new by-laws that the Board of Directors shall be composed of six members, the meeting proceeded immediately to elect such officials, and having registered the votes of those present, Mr. A. H. McKay was found to have been elected as President” * * * “It was resolved to revoke the power of the Mercantile Banking Company in favor of....., advising him thereof by mail. Mr. McCarty then proposed

that Mr. K. M. Van Zandt, Junior, be named as Manager and that the corresponding power of attorney be authorized in his favor. Both propositions were seconded by Mr. Staples, and approved by unanimous vote." * * * "Article 17. The President of the Board of Directors or the Vice-President, while filling such offices, will possess authority to carry out the resolutions of the stockholders' meetings and of the Board of Directors. * * * " "Mr. McKay then stated that by reason thereof and with the powers he possessed which have been stipulated, he declares: That he revokes in all its parts, the power of attorney previously conferred by the Mercantile Banking Company, in favor of Mr..... to represent said Company judicially and extra-judicially, as former Manager of the said corporation, possessed of his former good reputation and fame, and he confers a general power of attorney in favor of the Manager, Mr. Khleber Miller Van Zandt, Junior, in order that in addition to the powers conceded to him by title 4, and fraction 12, article 16, of the by-laws of the Company, he shall exercise the following * * * " Fraction 12, of article 16, of the said by-laws states: "XXII. Representing said Company judicially and extra-judicially, exercising such faculties through managers or through the medium of special or general attorneys whom he considers it necessary to name." And title 4, of the same by-laws, also cited in said notarial document, is to the following tenor: "Title IV of the Manager, Article 18. The Company shall have a Manager who may or may not be a member of the Board of Directors. * * * He may substitute this power and name new attorneys and revoke such authorization, but must in all cases act in accordance with the resolution of the Board of Directors." * * * I, the Notary, acknowledge that I know Mr. Van Zandt and his legal capacity to execute this document, whose force and valuation has been explained to him. I also acknowledge that he assures me that he is a resident of Mexico, married,

banker, forty-two years of age and lives at number 58 of 5th Tabasco street. I also acknowledge that I read the present document to him and that he acknowledged his conformity thereat, the witnesses being Messrs. Bernardo Perochena and Luis G. Sierra, residents of Mexico, employees; the first being single, twenty-eight years of age and residing at number 8 of Comonfort street, in Atzacapotzalco; and the second being married, twenty-four years of age and living at number 6 of Libertad street, in Atzacapotzalco.—K. M. Van Zandt, B. Perochena, Luis G. Sierra, Scrols. In Mexico on the tenth day of August, 1910, I authorized this public document.—Heriberto Molina, Scrol. The seal of office, Mexico, August 10th, 1910. To the Principal Administrator of Stamp Tax. On this day there was signed the public document number 2107, dated August 9th, 1910, in three leaves, Vol. 34-20, which contains the following operations: Power of attorney conferred by the Mercantile Banking Company, on Mr. Attorney E. Dean Fuller.

In Accordance with the Law This Document Should Pay

\$2.00 per leaf on three leaves.....\$6.00

Heriberto Molina, Scrol. The seal of office. Number 193. The Principal Administrator of Stamp Tax of the Federal District certifies: That there has been paid six pesos, value of the stamps which have been affixed and cancelled in this memorandum, in conformity to the liquidation which precedes. Mexico, August 10th, 1910. Jose M. Mena, Scrol. The seal of office.

This first certified copy is issued in two pages for Mr. Attorney E. Dean Fuller, as such attorney in fact. I certify that the present certified copy has been copied in a letter press. Mexico, August 10th, 1910.—Heriberto Molina, Scrol. The seal of office.

Register Number 10497.

The Subscribing Subsecretary of Justice legalizes the seal and signature which precedes as that of Citizen Heriberto

Molina, Notary Public, in exercise of such office. Mexico, August 11th, 1910. E. Novoa, Scrol. The seal of office.

Form No. 91 (in Spanish).

Numero Dos Mil Ciento Siete.—En México, á nueve de Agosto de mil novecientos diez, ante mí, Heriberto Molina, Notario número sesenta y ocho de esta Ciudad, asistido de los testigos cuyas generales se expresaran, el Señor Khleber Miller Van Zandt, Junior, en su carácter de Gerente de The Mercantile Banking Company, Limited (Compañía Banquera Mercantil), confiere poder al Señor Licenciado E. Dean Fuller para que represente á la citada Compañía en todos los negocios judiciales que tenga á cuyo efecto queda investido el apoderado de todas las facultades de un mandatario judicial y además de las siguientes que expresamente le quedan conferidas: Entablar y contestar demandas; promover diligencias precautorias desistirse de cualquier demanda ó recurso intentado inclusive los juicios de amparo conceder esparas y quitas; articular y absolver posiciones; recibir valores; reconocer firmas y documentos; prorrogar jurisdicciones y entablar competencias; recusar duncionarios con causa ó sin ella; transijir y comprometer en árbitros ó arbitradores; estipular las bases del compromiso, la forma del arbitraje, las penas que se establezcan nombrando los Jueces respectivos, pedir ejecución de transacciones, convenios y sentencias, hacer posturas y pujas en remates á título de compra ó bien pedir la adjudición de los bienes embargados. Para sustituir este poder y revocar sustituciones. La Personalidad del Señor Van Zandt, Junior, aparece justificada con la escritura de veinticuatro de Mayo de mil novecientos nueve otorgada en esta Ciudad, ante el Señor Notario Antonio Sánchez Aldana en la cual el Señor Addison H. McKay como Presidente de la citada Compañía le confirió poder. Del testimonio de esa escritura, que el suscrito dá fé tener á la vista se copia en lo conducente lo que sigue: “Estando dispuesto en los nuevos Estatutos aprobados, que los miem-

bros del Consejo de Administración sean seia, procediose en seguida á hacer la elección de dichos funcionarios y recogidos que fueron los votos presentes, resultando electos por unanimidad los Señores A. H. McKay, Presidente * * *”

“Se acordó revocar al poder de la Compañía Banquera Mercantil, á favor del Señor....., participándose lo por medio del correo. El Señor McCarty propuso que el Señor Van Zandt, Jr., fuera nombrado Gerente y que se le otorgara el poder correspondiente. Ambas proposiciones fueron apoyadas por el Señor Staples y aprobada por unanimidad. * * *” Artículo 17. El Presidente del Consejo de Administración ó el Vice-Presidente en funciones tendrá el caracter de ejecutor de las resoluciones de la Asamblea General y del Consejo de Administración * * *

* ” “El Señor McKay, continuó diciendo: que en tal virtud y con la representación que deja acreditada otorga: Revoca en todas sus partes el poder conferido con anterioridad por la Compañía Banquera Mercantil á favor del Señor para que representara á dicha Compañía judicial y extra-judicialmente, como Gerente que era de la misma Corporación, dejandolo en su buena opinión y fama, y dá poder general á favor del Gerente Señor Khleber Miller Van Zandt, Junior, para que además de las facultades que le concede el título cuarto y la fracción décima segunda del artículo diez y de los Estatutos de la Sociedad ejerza las siguientes * * *” “La fracción décima segunda del artículo diez y seis citado de los Estatutos dice así:” * * *

XII. Representar á la sociedad judicial ó extra-judicialmente, ejerciendo ésta facultad por medio de los Gerentes ó por medio de los apoderados especiales ó generales que estime necesario nombrar. “Y el título cuarto de los mismos Estatutos, también citado en ésta escritura es del tenor siguiente:” * * *

Titulo IV. Del Gerente. Artículo 18. La Sociedad tendrá un Gerente que podrá ser miembro del Consejo ó extraño á el Ese poder podrá

sustituirlo y nombrar nuevos apoderados y revocar sus nombramientos, pero deberá recavar en todo caso el acuerdo del Consejo de Administración.....Yo el Notario doy fé de conocer al Señor Van Zandt y de su capacidad legal para otorgar ésta escritura, cuya fuerzá y valor se le explicó. También la doy de que él mismo ásegura sér vecino de México, casado, banquero de cuarenta y dos años y con habitación en la quinta calle de Tabasco número cincuenta y ocho. Igualmente la doy de que dada lectura al presente instrumento, manifestó su conformidad siendo testigos los Señores Bernardo Perochena y Luis G. Sierra, vecinos de México, empleados; el primero soltero de veinte y ocho años y con habitación en la calle de Comonfort número ocho, en Atzacapotzalco; ye el segundo casado de veinte y cuatro años y con habitación en la calle de la Libertad número seis, en Atzacapotzalco. K. M. Van Zandt, B. Perochena, Luis G. Sierra, Rúbricas. En México á diez de Agosto de mil novecientos diez, autorizo ésta escritura. Heriberto Molina, Rúbrica. El sello de autoridad. México diéz de Agosto de 1910. Al Administrador principal del Timbre. Con ésta fecha se acabó de firmar la escritura número 2107 fecha 9 de Agosto de 1910 en 3 fojas Vol. 34-20 que contiene las siguientes operaciones: Poder conferido por The Mercantile Banking Company al Señor Licenciado E. Dean Fuller.

Conforme a la Ley Debe Causar.

\$2.00 for foja en tres fojas.....\$6.00

Suma\$6.00

Heriberto Molina, Rúbrica. El sello de autorizar. Núm. 1938. El Admor. Pral. del Timbre en el Distrito Federal, Certifica: que se han pagado seis pesos, valor de las estampillas que se fijaron y cancelaron en ésta nota conforme á la liquidación que antecede. México 10 de Agosto de 1910.

Jose M. Mena, Rúbrica. El sello de la Oficina. Se expide éste primer testimonio en dos fojas para el Señor Licenciado

E. Dean Fuller á titulo de apoderado. Certifico que el presente testimonio ha quedado pasado en prensa. México diez de Agosto de mil novecientos diéz. E. R. Recibir valores dos palabras que valen.—Heriberto Molina.

Registro Número 10497.

El Infrascrito Subsecretario de Justicia legaliza el sello y firma que anteceden, por ser el C. Heriberto Molina, Notario Público en ejercicio. México á 11 de Agosto de 1910. E. Novoa.

Form No. 92. Power of Attorney for General Presentation of American Company in Mexico.—Where a foreign Company desires to confer a power of attorney upon some person to represent it in the Republic of Mexico, such document should be drafted in such a manner as to meet the requirements of Mexican laws, that is, with fullness in specifying the authority conferred, and with a proper showing from the representative executing same that he possesses authority therefor. It should then be acknowledged before an officer of the country of its origin, such as a Notary Public, Judge or Justice of the Peace; following which a certificate should be secured from a Clerk of Court or other public officer whom the nearest Mexican Consul will recognize, showing such Notary Public, Judge or Justice of the Peace to be such and that he possesses authority to take acknowledgements. The document will then be presented to the nearest Mexican Consul, who will affix his certificate to the document, legalizing the certificate of the Clerk of Court or the other official. The document is then ready for transmission to Mexico.

The next step is the presentation of the document to the Department of Foreign Relations, in Mexico City, when such Department will legalize the certificate of the Mexican Consul.

The Document with its appended certificates will then be presented to a court of first instance in Mexico, together with an application that it be referred to a Notary Public in order that it be elevated into a public document for the uses for which intended. If any of the parts of the document or the certificates attached thereto be in any other language than Spanish a judicial translation thereof into the latter language must be effected. This is accomplished through a request to the court that it name a translator for such purpose,—which it will do,—such translator then appearing before the court, accepting the charge placed upon him, effecting the translation and certifying thereto.

The court will then examine the document, and if it finds nothing therein contrary to Mexican laws, it will order same to be delivered to a designated Notary Public, to be finally legalized by the latter.

The Notary will receive the complete court record, document and certificates, from the court; enter a note of its legalization of “protocolization” in his records, preserve the original documents, and issue certified copies thereof, which will serve all of the purposes of the original document.

For the purpose of demonstrating fully the requirements of an American-executed power of attorney, as well as its various certificates and its legalization, a form of power of attorney, as shown after it has met these requirements, is given.

“In Kansas City, on the 8th day of May, 1910, before me, Emma Ide, Notary Public for the County of Jackson, State of Missouri, United States of America, appeared Mr. Andrew W. Johnson, of the Mexico Lands Company, a corporation, organized under the laws of the Territory of Arizona, and whose articles of incorporation, properly authorized by the Secretary of the Territory of Arizona, I, the Notary, certify to have read. And the said person declared his capacity to execute this document to be shown by the following: age, 45 years; condition, married; occupation, attorney, and with

his domicile in the City of Geary, State of Oklahoma, United States of America, and he also declared that by the by-laws of said Company he is properly authorized to execute this document, which by-laws and minutes I certified to have read, and that they are properly authorized by the Secretary of said Company. And said person declared that needing a person upon whom to confer the business of the Company in order that it may be legally represented, by this public document and in the way and form which the law requires, that he covenants: To confer such power as the law requires, upon Messrs. E. Dean Fuller and Cipriano Gutierrez Quintero, of legal age, and with offices in the City of Mexico, in order that, in representation of the Company in its actions and rights, they may appear jointly or separately in any of the cities of the United Mexican States or any parts of the Republic of Mexico; to make transfers of property; in order that they may appear before all kinds of authorities, asking or following up that which is necessary for the best results and advancement of the business of the Company; to acquire lands of all classes and authorize notarial documents or obligations which should be given; to mortgage and convey properties of the Company; to execute contracts for the purchase and sale of lands under any and all conditions and basis, obligating the Company in the necessary form and manner and by any class of contracts; to make payments which correspond to such transactions, and receive the payments which are to be made on account of sales; as also to collect, demand and receive from those who are to make them, the sum of money, property and effects which for any motive may be due the Company, giving and signing in favor of those from who received or collected, the receipts and cancellations which legally arise therefrom; to ask for and issue accounts to those from whom or to whom the Company should ask or give them; approve and ratify same, audit and impugn same, as the case may be. To settle and arrange the differences or rights of the Company and

agree to submit them to arbitration or arbitrators or friendly interferers, with or without agreed penalty; to appear before all judges and tribunals desired, and to institute, follow up and contest through all their proceedings, instances and incidents, the civil demands and criminal accusations which are presented; make applications, hear notifications, present pleadings, documents and witnesses within the terms allotted for proof and outside thereof, attacking the acts of the contrary party; take exceptions to the jurisdiction of the courts or submit to incompetent tribunals, solicit precautionary proceedings, ask for attachments, the deposit and releasing of attached goods, their sale and auction and their adjudication in payment; appear in meetings; formulate exceptions and incidents in principal and incidental acts; ask for and answer interrogatories; ask for changes of venue, with or without cause, from judges, magistrates, etc., take exceptions, appeal and interpose the legal rights of nullity, casation, new trial, liability, protection for violation of individual guarantees and all further rights permitted by the laws; or to desist therefrom. To substitute this power in whole or in part, give special powers of attorney and letter powers of attorney; and to revoke such substitutes; approving all which may be done in its representation; same being covenanted in the presence of the witnesses, W. J. Morgareidge and W. J. Howey, respectively, 38 and 34 years of age, of 264 New York Life building, in Kansas City, Missouri, whom I acknowledge are known to me and who sign with the party hereto, before me, the Notary who certifies. Seal. The Mexico Lands Company, by Andrew W. Johnson. Witnesses: W. J. Howey, W. J. Morgareidge. Emma Ide, Notary Public. My commission expires November 19th, 1912.

The certificate of the Clerk of Court, in which he certifies that the Notary who took the above acknowledgment, is such Notary and possessed of power to do so, will be substantially as follows:

"I, Samuel A. Boyer, Clerk of the Court of the County of Jackson, the same being a court of record, by the present

certify that Emma Ide, whose name is subscribed to the certificate of acknowledgment of the annexed instrument and therein written, was at the time of taking such acknowledgment, a Notary Public in and for the said County, commissioned and sworn and properly authorized to take such proof of acknowledgment in said State. Furthermore, I know the signature of said Notary and truly believe that the signature of said certificate of acknowledgment is genuine. Furthermore that said document is executed and acknowledged in conformity to the laws of the State of Missouri. In testimony of which I have signed this document and affixed the seal of said Court this 10th day of June, 1910. S. A. Boyer, Clerk of the County Court. Seal."

The certificate of the Mexican Consul, although it will be in Spanish, will contain substantially the following:

"The undersigned Mexican Consul in Kansas City, Missouri, certifies: That the preceding signature is that of the Clerk of the County Court of Jackson, Missouri, and the same one which he is accustomed to use in all of the documents which he authorizes; by reason of which it is entitled to faith and credit.

Kansas City, Mo., June 10th, 1910.

LEON GOMEZ, Scroll.

Fee, \$8.00—\$4.00.

The certificate of the Mexican Department of Foreign Relations, of Mexico City, likewise in Spanish, will be substantially as follows:

Fifty-cent cancelled revenue stamp.

No. 4803.

The undersigned, Subsecretary of Foreign Relations, certifies: That Mr. Leon Gomez is the Mexican Consul in Kansas City, Mo., and that the preceding signature is his own.

Mexico, June 16th, 1910.

F. GAMBOA, Scroll.

(Seal of the Department of Foreign Relations.)

The application to the Court for legalization and its record will be substantially as follows:

To the Judge of the Sixth Civil Court:

E. Dean Fuller, for himself, before you with the highest respect states: That he has received the original power of attorney which is conferred by the Mexico Lands Company, a Corporation, organized under the laws of the Territory of Arizona, U. S. A., in order that he may represent it in the various enterprises which said Company has in the Republic of Mexico; and in order that he may "utilize the powers" referred to, it is necessary for the said attorney to legalize same in the registers of Notary Heriberto Molina, for which he requests that you order said documents legalized in the register of the said Notary, after previous legal translations of the parts which accompany, in order that the proper certified copies thereof be given. Notification will be heard in Gante No. 1.

Mexico, June 16th, 1910.

E. DEAN FULLER, Scroll.

"Presented the 20th day of June, 1910, at 11:00 o'clock with one document and its translation. Acknowledged. Scroll.

Mexico, June 20th, 1910. Because of the presentation of the documents and of their translations, Mr. Juan B. Mirabel is named as expert translator, to whom notice will be given of his appointment for their legal effects; and it appearing that the documents presented do not contain anything contrary to the laws of the country, and with foundation in Art. 1358, of the Code of Civil Proceedings, these proceedings will be legalized in the registry of the designated Notary, who will issue certified copies thereof which should be given in conformity to law. Approved and signed by the Sixth Judge of the Civil Court, Attorney Manuel Escudero. Acknowledged. M. Escudero. P. Martinez, Scrolls.

"In number 145 of the Judicial Boletin of the 21st day of this month, notice thereof was published in accordance with law. Approved. Scroll.

"On the 22nd day of this month, having notified Mr. Juan B. Mirabal of his appointment as translator of the documents presented, he stated: That he hears and accepts his charge, protesting that he will fulfill same faithfully and well; and having proceeded to examine the original and its translation, he stated: That he finds same to be a true translation of same, and he therefore so certifies. Acknowledged. Juan B. Mirabel. Tagle. Scrolls.

"On the 22nd day of said month at 12 o'clock it was ordered that all of the interested parties be notified hereof. Acknowledged. Tagle. Scroll. Cancelled revenue stamp for 50 cents.

The record of the Mexican Notary, following the receipt of the documents and proceedings from the Court, will appear in his book of legalizations, and this, together with such documents and proceedings, will be copied into the certified copy which the Notary will furnish to the interested party to evidence the fact that the law has been complied with and that the power of attorney may therefore be legally issued. The notarial record will be as follows:

Number 2006.

"In Mexico, on the 24th day of June, 1910, the undersigned, Heriberto Molina, Notary number 68, of this city, assisted by the witnesses, Messrs. Bernardo Perochena and Luis G. Sierra, both of Mexico, single and employees; the first being 28 years of age and living at number 8 of Comonfort, in Atzacapotzalco; and the second being 24 years of age and living at number 16 Aztecas street, acknowledged that in compliment of the order made by the Sixth Civil Judge of this capital, Mr. Attorney Manuel Escudero, on the 22nd day of this month, there was legalized the power of attorney conferred by the Mexico Lands Company upon Messrs. At-

torneys E. Dean Fuller, and Cipriano Gutierrez Quintero, in the City of Kansas City, United States of America, on the 28th day of May, of this year, before Emma Ide, Notary Public. The power of attorney is made in one leaf and the record thereof in three leaves. This document was first read and then signed. B. Perochena, Luis G. Sierra. Scroll.

"This document was authorized in the City of Mexico, on the 29th day of June, 1910. Heriberto Molina. Scroll. The seal of office, June 2nd, 1910.

"To the Principal Administrator of Stamp Tax:

"On this day the document number 2996 was signed, same being dated June 24th, 1910, in two leaves, Vol. 28-274, which contains the following operations: Legalization of the power of attorney, conferred by the Mexico Lands Company on Messrs. Attorneys E. Dean Fuller and Cipriano Gutierrez Quintero, in one leaf.

"In conformity with the stamp law, this should pay:

\$4.00 per leaf for one leaf.....\$4.00

Heriberto Molina. Scroll. The seal of office.

Number 16068.

"The Principal Administrator of the Revenue Stamp Office of the Federal District certifies: That there have been paid the sum of \$4.00, value of the stamps which are affixed and cancelled to the memorandum, in conformity to the liquidation which proceeds.

"Mexico, June 29th, 1910. P. O. D. A. P. M. Centeno. Scroll. The seal of office."

The notarial certificate, which will be attached to the certified copy of the notarial records, will be as follows:

"This first certified copy, in three leaves, is issued for Messrs. Attorneys E. Dean Fuller and Cipriano Gutierrez Quintero. I certify that the present copy has been copied

into a letter book. Mexico, June 29th, 1910. Heriberto Molina. Scroll. The seal of office."

Form No. 92 (in Spanish).

"En la Ciudad de Kansas City, el día 8 de Mayo de 1910, ante mí, Emma Ide, Notario, para el Condado de Jackson, Estado de Missouri, Estados Unidos de America, compareció el Señor Andrew E. Johnson de la Compañía The Mexico Lands Company, y cuya escritura constitutiva, debidamente autorizada por el Secretario del Territorio de Arizona, yo el Notario certifico haber leído. Y el compareciente declara por sus generales las siguientes: Edad 45 años. Estado, Casado, Ocupación, Abogado, y que su domicilio es el Número.... de la calle de.... en la Ciudad de Geary, Estado de Oklahoma, E. U. A., y así mismo declara que por los Estatutos de la referida Compañía, está debidamente autorizado para otorgar éste documento, cuyos Estatutos y actas certifico haber leído, están debidamente certificadas por el Secretario de la Compañía. Y declara dicho compareciente que necesitando una persona á quién confiar los negocios de la Compañía, para que la represente judicialmente por el presente documento público y en la mejor vía y forma que proceda en derecho otorga: que confiere su poder tan amplio como la ley lo requiera á los Señores E. Dean Fuller y Cipriano Gutierrez Quintero, mayores de edad y con su oficina en la Ciudad de México, para que representando á la Compañía en sus acciones y derechos comparezcan conjunta ó separadamente en cualquiera de las ciudades de los Estados Unidos Mexicanos ú otras partes de la República Mexicana: para que hagan cesiones de bienes, para que puedan presentarse ante todo género de autoridades pidiendo ó gestionando lo conducente para el mayor éxito y desarrollo de los negocios de la Compañía, para que puedan adquirir terrenos de toda especie y otorgar escrituras y obligaciones que fueren de darse para hipotecar, y enagenar propiedades de la Compañía, para que otorgaren contratos por la compra-venta

de terrenos en cualquiera condiciones y bases que sean, comprometiendo á la Compañía en la forma y manera necesaria y por cualquiera clase de contratos para hacer los pagos que les corresponde á éstas transacciones y recibir los pagos que por cuenta de venta se hicieren, y así mismo para que cobren, demanden, y perciban de quienes corresponda, las cantidades de pesos, bienes ó efectos que por cualquiera motivo se adeuden á la Compañía, dando y firmando de lo que percibieren y cobraren, los recibos y cancelaciones que legalmente procedan: Para que pidan y den cuentas á quines el otorgante deba pedir las y darlas, las aprueben y ratifiquen, las glosen e impugnanen según procedan. Para que transijan ó arreglen las diferencias ó derechos del poderdante y los comprometan á la decision de arbitros, arbitadores ó amigables componedores con pena convencional ó sin ella. Para que comparezcan ante todos los Jueces y Tribunales que convenga, á promover, seguir y contestar por todos sus trámites instancias é incidentes, las demandas civiles ó acusaciones criminales que se ofrezcan, hagan pedimentos, oigan notificaciones, presenten escritos, documentos y testigos en prueba y fuera de su término, tachando los del contrario; promuevan inhibitorias de jurisdicción ó se sometan á la de Tribunales incompetentes, soliciten providencias precautorias; pidan embargos, depósitos y desembargos de bienes, su venta y remate y la adjudicación de ellos en pago; concurren a juntas, formulen artículos e incidentes; en lo principal y sus incidentes; articulen y absuelvan posiciones: Para que con causa ó sin ella recusen á las autoridades, Jueces, Magistrados etcétera, protesten, apelen é interpongan los recursos de nulidad, casación súplica, responsabilidad, amparo por violación de garantías individuales y las demás permitidas por las leyes, y desistan de ellas. Para que sustituyan éste poder en todo ó en parte, poderes especiales y cartas-poder y revoquen las sustituciones que otorguen dando por bien hecho todo lo que hagan por su representación, lo cual otorgan en presencia de los testigos W. J.

Morgareidge, y W. J. Howey, edad 38 y 34 años respectivamente, 264 New York Life Building de la calle 264 de New York Life Building Company y el segundo en el número de la calle de.....de la Ciudad de Kansas City, Missouri, respectivamente a quienes doy fé de conocer y firman con el compareciente ante mí, el Notario que dá fé. Sello. The Mexico Lands Company, por Andrew W. Johnson. Testigos. W. J. Howey, W. J. Morgareidge. Emma Ide, Notario Público. My comission expires Nobre. 19th, 1912. Yo. Samuel A. Boyer, Secretario de la Corte, del condado de Jackson, la misma siendo una Corte de Registro, por la presente certifico que Emma Ide cuyo nombre está inscrito al certificado de pruebas de reconocimiento del anexo instrumento, y sobre ellos escrito, era en el tiempo que tomó tal prueba ó reconocimiento, Notario Público en y para dicho Condado, comisionado y jurado, y debidamente autorizado para tomar tal prueba de reconocimiento con la escritura á mano de dicho Notario y verdaderamente creo que la firma de dicho certificado de prueba ó reconocimiento es genuina. Y además que dicho instrumento está ejecutado y reconocido conforme á las leyes del Estado de Missouri. En testimonio de lo cual firmo éste documento y fijo el Sello de dicha Corte el día 10 de Junio de 1910. S. A. Boyer, Secretario de la Corte del Condado. Sello. El suscrito Consul de México en Kansas City, Mo. Certifica: Que la firma que antecede es del Secretario del Condado de Jackson, Missouri y la misma que acostumbra usar en todos los documentos que autoriza, por lo cual se le debe dar fé y crédito. Kansas City, Mo., Junie 10 de 1911. Leon Gomez, Rúbrica. Derechos, \$8.00. Dollars \$4.00 Estampilla cancelada de á cincuenta centavos. Número 4803. El infrascrito Subsecretario de Relaciones Exteriores, Certifica: Que el Señor Don León Gomez es Consul de México en Kansas City, Mo. y suya la firma que antecede. México, diez y siete de Junio de mil novecientos diez. F. Gamboa. Rúbrica. Sello de la Secretaría de Relaciones Exteriores. Señor Juez Sexto de lo Civil;

E. Dean Fuller por sí, ante Ud. con el más alto respeto expongo: Que él había recibido el poder original que le confiere la Compañía The Mexico Lands, una Sociedad Anónima organizada bajo las leyes del Territorio de Arizona, Estados Unidos de América, para que él lo represente en diversos negocios que la Compañía tiene en la República Mexicana y á fin de que pueda utilizar el poder de referencia necesita el apoderado que se protocolice en los registros del Notario Heriberto Moline, por lo que á Usted C. pido se sirva mandar protocolizar el mencionado documento en el registro del citado Notario, previo el cotejo de la traducción de las partes de este que acompaño autorizado para que expida los testimonios que hayan de dárseles. Oiré notificaciones en Gante uno. México, Junio dieciseis de mil novecientos diez. E. Dean Fuller. Rúbrica. Presentado el veinte á las once con un documento y su traducción. Conste. Rúbrica. México, Junio veinte de mil novecientos diez. Por presentado con los documentos y copias que se acompañan. Se nombra perito cotejador al cotejador Señor Juan B. Mirabal á quien se hará saber su nombramiento para los efectos legales y apareciendo del documento exhibido que no contiene nada contrario á las leyes del país, con fundamento en el art. 1358 del Código de Procedimientos Civiles, protocolícense estas diligencias en los registros del Notario designado quien expedirá al interesado los testimonios que fueren de darse conforme á derecho. Lo proveyó y firmó el Señor Juez Sexto de lo Civil Lic. Manuel Escudero. Doy Fé. M. Escudero. P. Martínez. Rúbricas en el número 145 del Boletín Judicial del veintiuno del mismo mes, se hizo la publicación de ley. Conste. Rúbrica. En veintidos del mismo notificado el Señor Juan B. Mirabal dijo: Que lo oye y acepta su cargo, protestando su desempeño bien y fielmente; y habiendo procedido á cotejar el original y su traducción dijo: Que está la encuentra fiel trasunto de aquel y firmó: Doy fé. Juan B. Mirabal. Tagle. Rúbricas. En veintidos del mismo á las doce dí por notificados á todos los interesados Doy fé.

Tagle. Rúbrica. Estampilla cancelada de á cincuenta centavos..... Número dos mil seis.....

En México, a veinte y cuatro de Junio de mil novecientos diéz, el suscrito Heriberto Molina, Notario número sesenta y ocho de ésta Ciudad, asistido de los testigos Señores Bernardo Perochena, y Luis G. Sierra, vecinos de México, solteros, empleados; el primero de veinte y ocho años y con habitación el la calle de Comonfort número ocho, en Atzacapotzalco; y el segundo de veinte y cuatro años y con habitación en la tercera calle de Aztecas número diez y seis hace constar que en cumplimiento de lo mandado por el Juez Sexto de lo Civil de ésta Capital, Señor Licenciado Manuel Escudere, en resolución de veinte del corriente, queda protocolizado el poder conferido por The Mexico Land Company á los Señores Licenciados E. Dean Fuller y Cipriano Gutierrez Quintero en la Ciudad de Kansas City, Estados Unidos de América, el día veinte y ocho de Mayo del corriente año ante Emma Ide, Notario Público. El poder consta en una foja y el expediente de tres. Previa lectura se firmó ésta acta. B. Perochena, Luis G. Sierra. Rúbricas. En México, á veinte y nueve de Junio de mil novecientos diez, autoriza ésta escritura. Heriberto Molina. Rúbrica. El sello de autorizar. México, 24 de Junio de 1910. Al Administrado Principal del Timbre. Con ésta fecha se acabó de firmar la escritura núm. 2006 fecha 24 de Junio de 1910, en dos fojas Vol. 28-274 que contiene las siguientes operaciones: Protocolización del poder conferido por The Mexico Lands Company á los Señores Licenciados E. Dean Fuller y Cipriano Gutierrez Quintero, constante en una foja.....

Conforme a la Ley Debe Causar.

..

\$4.00 por foja en una foja.....\$4.00

Suma\$4.00

Heriberto Molina. Rúbrica. El sello de autorizar. Núm. 16068. El Admor. Pral. del Timbre en el Distrito Federal, Certifica: Que se han pagado cuatro pesos, valor de las estampillas que se fijaron y cancelaron en ésta nota conforme á la liquidación que antecede. México, 29 de Junio de 1910. P. O. D. A. P. M. Centeno. Rúbrica. El sello de la Oficina. Se expide este primer testimonio en tres fojas para los Señores Licenciados E. Dean Fuller y Cipriano Gutierrez Quintero. A titulo de apoderado certifico que del presente testimonio se saco copia en preno. México. Junio veinte y nueve de mil novecientos diez. E. R. ej una foja tres palabras, valen..... Heriberto Molina. Rúbricas. Un sello que dice: Heriberto Molina, Notario No. 68, Ciudad de México. Derechos devengados \$16.00 Idem. Testimonios, \$4.00.

Registro Número 12292.

El Infrascrito Subsecretario de Justicia legaliza el sello y firma que anteceden, por ser el C. Heriberto Molina, Notario Público en ejercicio. México á 13 de Enero de 1911.

Esta legalización se refiere al testimonio de la escritura número 2006. E. Novoa. Rúbrica. Un sello que dice: Secretaría de Estado y del Despacho de Justicia. México, Legalizado.

CHAPTER XXXIV.

FORMS FOR LEGALIZING AMERICAN CORPORATIONS.

Full explanation will be found elsewhere as to the procedure which will be followed in legalizing or registering a foreign corporation in Mexico, as will the rights, duties and responsibilities thereof. (Chap. XXI.)

Form No. 93. Certificate from American State as to Creation of Corporation.—Under the laws of the different States and Territories of the United States, it is required that in order to form a corporation, its articles be filed with some State authority, whose duty it is to examine same, and if he finds them to conform with the law and that all requirements thereof have been fulfilled, he will issue a certificate showing the fact of registration. Some States issue a certificate or charter evidencing such fact, while others issue upon request only, a certificate which is attached to the copy of the articles of incorporation as presented, stating that such copy is a true copy of the articles as filed.

In order to proceed with the legalization of an American corporation in Mexico it is necessary to present at least a certified copy of the articles of incorporation, which certificate will be issued by the official of the State wherein the Company was formed. Where charters are issued by such State a copy thereof, legally certified to, should also be secured.

The certificate, which is issued by the Territorial Auditor of the Territory of Arizona, before whom the articles of incorporation in that Territory are presented, is as follows:

In the United States of America, }
Territory of Arizona. } ss.

I, W. C. Foster, Territorial Auditor of Arizona, by the present certify that the annexed document is a true and complete copy of the articles of incorporation of the

Gold Standard Mining Company,

which were presented in this office on the 23rd day of March, A. D. 1911, at 11:45 a. m., according to the provisions of the law.

In testimony of which I have hereunto put my signature and affixed my official seal. Done in the City of Phoenix, the capital, this 24th day of March, 1910.

(Signed) W. C. FOSTER,

(Seal.)

Territorial Auditor.

Form No. 94. Mexican Consul's Certificate to Preceding Form.—To the preceding or other certificate which may be issued by the State authority, proving the legal organization of the Company, the Mexican Consul having jurisdiction over said Territory will attach one of his regular forms or certificates in which he shows the legal character of the act of such State authority.

“The undersigned Consul for Mexico, in Phoenix, Arizona, certifies: That the signature which precedes is that of the Auditor of the Territory of Arizona, and the same which it is customary to use in all of the documents which are authorized, for which reason it is entitled to faith and credit.

Phoenix, Arizona, March 10th, 1911.”

(Signature of Mexican Consul.)

Where, however, as sometimes occurs, the Mexican Consul having jurisdiction over the Territory is absent or otherwise incapacitated from issuing the above certificate, it is necessary to forward the document to Washington, D. C., to secure a similar certificate from the Mexican Embassy. But as such Embassy can only recognize the officials of the Federal Government of the United States, a certificate from such authority, legalizing the act of the State or Territorial authority, must be secured, and the Mexican Embassy will then issue its certificate thereto.

The Department of State, at Washington, will, in such cases, issue the necessary certificate, which will be substantially as follows:

UNITED STATES OF AMERICA,

Department of State.

To All to Whom the Present May Interest: Witness:

I certify that the annexed document is under the seal of the Territory of Arizona and that all faith and credit should be given to said seal.

In Witness Whereof, I, P. C. KNOX, Secretary of State, have hereunto affixed the Seal of the Department of State, and have caused my name to be subscribed by the Chief of the Department of Citizenship of the State Department, in the City of Washington, this 18th day of May, 1911.

(Signed) P. C. KNOX,
Secretary of State.

By R. W. FLOURNEY, JR.,
Chief of the Bureau of Citizenship.
(Seal.)

(The Department is not responsible for the contents of the annexed document.)

To this certificate, in case of its use, the Mexican Embassy will attach a certificate of legalization in substantially the same terms as that of the Consul already referred to. (Form No. 94.)

Form No. 95. Certificate from Ambassador or Consul That Company Is Legally Organized.—In addition to the requirement that the organization of the corporation be proved in the manner already outlined, it is further necessary that a certificate be secured from the resident Mexican Diplomatic or Consular representative; to the fact that he knows it to have been organized in conformity with the law. (§343.)

Where such certificate can be secured from the resident Consul, he is supposed to know the law, and therefore to be able to certify as to whether or not the Company has been legally organized.

Where, however, the Diplomatic representative of the Mexican Government is called upon to issue same, he cannot be supposed to know such fact, and must secure such information in some manner. For such purposes, the Mexican Ambassador to the United States requires a certificate from two resident attorneys of the State or Territory of the organization, in which they confirm the fact that the Company has been organized in conformity with the laws thereof; he will then issue his certificate, based thereon.

Whether the certificate be issued by the Ambassador or by a Consul, it will be substantially as follows:

The undersigned, Extraordinary Ambassador and Plenipotentiary of Mexico in the United States of America, does hereby certify that the corporation denominated "Gold Standard Mining Company," is constituted and authorized in accordance with the laws of the Territory of Arizona, United States of America, as is proved by the annexed certificate of the legal organization of said corporation, issued by the proper authorities of said Territory.

In accordance with stipulations of Article 24, of the Code of Commerce of the Mexican United States, dated the 15th of September, 1889, and at the request of the parties interested, this certificate is issued by me in Washington, the 19th day of May, 1911.

M. de ZAMACONA,
Mexican Ambassador.

Fees, \$4.89 U. S. Currency.

(Seal) Mexican Embassy, in the United States of America.

Form No. 96. Certificate to By-Laws and Minutes.

The by-laws, resolutions and minutes of elections of existing officers and directors, form a part of the organization of the Company, and as such must be legalized. These must be accompanied by some proof that they are such; and as the Secretary of the corporation will usually have the custody of such records, he should make an affidavit thereto. Such affidavit should be substantially as follows:

Y. H.

State of Pennsylvania, }
 County of Philadelphia. } ss.

I, Dr. John Mellor, being first duly sworn on oath, do depose and say, that I am the Secretary of the Gold Standard Mining Company, a corporation, legally organized and existing under and by virtue of the laws of the Territory of Arizona, United States of America, and that as such I have in my possession the minute book of said Company. That the annexed copies of the minutes of the first general meeting of stockholders of said Company, and of the first meeting of the Board of Directors thereof, as also of the by-laws of said Company, are taken from said book of minutes, and that such copies are true and correct copies of said minutes and by-laws, as they appear on the books of said Company.

In Witness Whereof, I have hereunto set my signature, in the City of Philadelphia, County of Philadelphia, State of Pennsylvania, United States of America, this 29th day of March, 1911. (Signed) DR. JOHN MELLOR.

I, the undersigned Notary Public, hereby certify that I have examined the articles of incorporation of the Gold Standard Mining Company, as well as its minute book, and that said Company is legally organized and constituted under the laws of the Territory of Arizona; that the attached copies of the by-laws thereof, as also of the minutes of the stockholders' and Directors' meetings of said Company, are true and correct copies; and that Dr. John Mellor is the duly elected and legally qualified and acting Secretary of said Company, and as such is empowered to issue copies of such documents; and that he subscribed and swore to the above statement in my presence and before me at the place and on the day hereinbefore mentioned.

JOHN STEWART, Notary Public.

A Consular certificate must be secured, as in all cases of notarial acknowledgments, legalizing the act of the Notary Public. And as this is merely a repetition of what has already been set forth, reference is made to such explanation. (Form 92b.)

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